



## DrumBeat: July 29, 2008

Posted by [Leanan](#) on July 29, 2008 - 8:38am

Topic: [Miscellaneous](#)

### [Oil hits 7-week low on demand worries, dollar gain](#)

NEW YORK - Oil prices tumbled more than \$2 a barrel Tuesday, finishing at their lowest level in seven weeks as a stronger dollar and beliefs that record prices are eroding the world's thirst for energy sparked another dramatic sell-off.

The drop — which surpassed \$4 a barrel at one point during the day — was a throwback to oil's nosedive over the past two weeks and outweighed supply concerns touched off by a militant attack Monday on two Nigerian crude pipelines. It was oil's seventh decline in the last 10 sessions.

Light, sweet crude for September delivery fell \$2.54 to settle at \$122.19 on the New York Mercantile Exchange. It was the lowest settlement price for a front-month contract since June 10. Earlier, prices fell to \$120.42, also the lowest level since June 10. Oil has now fallen more than \$25 from its trading high of \$147.27, reached July 11.

### [Exxon: Quake had no impact on LA refinery ops](#)

HOUSTON (Reuters) - Exxon Mobil Corp said operations at its 150,000-barrel-per-day (bpd) Los Angeles-area refinery in Torrance, California, were not impacted by a late Tuesday morning earthquake east of Los Angeles.

### [Venezuela rejects raising OPEC output](#)

CARACAS, Venezuela (AP) -- Oil Minister Rafael Ramirez is rejecting an increase in OPEC production quotas.

Ramirez says it would be a "mistake to inundate the market with oil" in order to increase supply and lower prices.

### [Niger groups condemn \\$5 bln oil deal with China](#)

NIAMEY (Reuters) - Rights groups in Niger on Tuesday criticised the lack of transparency surrounding a \$5 billion deal between the government and China's state oil company last month, saying it should be investigated by parliament.

### [GUINEA-BISSAU: Fishermen turn to trafficking as fish profits drop](#)

BUBAQUE (IRIN) - As the profits to be made from fishing diminish with rising fuel costs and poor management of the sector, fishermen are increasingly turning to drug and people trafficking to boost their meager incomes, fishermen in Bissau and the Bijagos islands told IRIN.

### [Russia's plan to avert second cold war](#)

Moscow - The dark clouds gathering this summer between Moscow and the West have some experts concerned that the world is on the brink of a new cold war. They point to two flash points. One, the ex-Soviet state of Georgia, is largely driven by Moscow's fear of NATO expanding into its traditional sphere of influence. The other is a proposed US missile-defense shield in Eastern Europe. Russia has promised to retaliate – possibly by basing nuclear-capable bombers in Cuba, according to an unofficial news report quoting unnamed top security officials last week.

"It's no longer just rhetoric, it could start to get quite serious," says Dmitri Trenin, an analyst with the Carnegie Center in Moscow. "The message being put out by Moscow is that the West needs to realize that it's approaching a line, beyond which there could be a real showdown."

### [BP decides against spinning off green energy units](#)

LONDON (Reuters) - Oil major BP has decided against spinning off its investments in green and alternative energy and will instead try and boost the impact of the investments on its shares by giving analysts more data.

### [Oil sands pose investment and climate risk, says WWF](#)

LONDON -- Canada's oil sands pose a significant investment risk as their development may be hampered by a government attempt to curtail the industry's rising carbon dioxide emissions, a report published Tuesday said.

World Wildlife Fund, authors of the report, said investors in oil-sand operators like Shell, ExxonMobil and BP should consider the future competitiveness of such "unconventional" fossil fuel investments in a carbon-constrained economy, where governments affix a price on climate-warming CO2 emissions.

### [BP boss warns of more pain for consumers from oil prices](#)

The chief executive of BP, Tony Hayward, has warned that the long term trend for oil and gas prices spells more pain for consumers.

Despite the crude price falling from recent record highs, the boss of Britain's biggest company said that there was "an increasing likelihood that oil and gas prices will be stronger for longer.

Earlier this year, Mr Hayward said that the era of cheap energy was over, at least for the medium term. Today he added: "Events are playing out even faster than any of us expected."

### [BP sees Thunder Horse full production by end 2009](#)

LONDON (Reuters) - British oil major BP Plc said its giant Thunder Horse field in the U.S. Gulf of Mexico was currently producing over 40,000 barrels of oil per day and would reach full capacity of 250,000 bpd by the end of 2009.

Chief Executive Tony Hayward said that the first well on the southern part of the field was producing and would be followed by others this year with wells on the North part of the field to follow next year.

### [Ex-Bush advisor 'looks at Iraq oil'](#)

A FORMER Pentagon adviser who was an early advocate of invading Iraq has been looking into entering the potentially lucrative oil business there, *The Wall Street Journal* reported today.

Citing documents outlining a possible deal and people close to the negotiations, the *Journal* said Richard Perle has been looking into drilling in the Kurdistan region of Iraq, near the city of Erbil.

### [Kuwait to offer \\$3 bln refinery contracts - paper](#)

KUWAIT (Reuters) - State refiner Kuwait National Petroleum Co (KNPC) plans to invite bids by September for contracts worth a total of \$3 billion for its new 615,000 barrel per day al-Zour oil refinery, a newspaper said on Tuesday.

### [Oil sands get nod from U.S. anti-poverty group: 'All Energy Is Good'](#)

CALGARY -- Support for Canada's oil sands is coming from an unexpected American group--an anti-poverty coalition led by African-American civil rights and faith leaders.

The group is waging a national campaign targeting 50 "extreme" environmental organizations and 100 U. S. politicians it says are restricting energy supplies through climate-change legislation, causing oil prices to spike to levels that are "strangling" the poor.

### [China's Power Crisis Deepens as Coal Supply Dwindles](#)

Bloomberg) -- China, the world's second-biggest energy consumer, is facing a deepening summer power crisis that may persist into the winter months, the nation's dominant electricity distributor said.

State Grid Corp. of China, which more than 1 billion people rely on for power, said electricity shortages have worsened because of inadequate coal supplies. Forty-six percent of the power stations connected to the distributor's grid have coal stockpiles below the ``caution line," or seven days of consumption, data from the company showed today.

### [OPEC expects Indonesia to remain as membership](#)

JAKARTA (Xinhua) -- OPEC (Organization of Petroleum Exporting Countries) hoped that Indonesia still remains as the membership of the organization, but also said that the country has a right whether to continue as its membership, President of the cartel Chakib Khelil said here on Tuesday.

### [Pemex Second-Quarter Net Falls 56% on Higher Taxes](#)

(Bloomberg) -- Petroleos Mexicanos, the state-owned oil company, said second-quarter profit fell 56 percent as the company paid higher taxes on record oil prices.

### [The Philippines: Angry protests greet Arroyo speech](#)

Thousands of people have staged angry protests outside the House of Representatives in Manila as Gloria Macapagal Arroyo, the Philippines president, gave her annual state of the nation address.

In her speech on Monday, Arroyo defended her economic policies as a shield against surging food and energy costs and urged patience in the face of a global downturn.

But outside on the streets, where 6,000 security personnel tried to keep control, the protesters seemed anything but patient as they burned an effigy of the president and scuffled with police.

### [BP says tax cuts should boost Russia oil output](#)

LONDON (Reuters) - Russia's decision to offer tax breaks on oil production should boost output, although it could take a couple of years, the chief executive of BP Plc said on Tuesday.

"One of the issues is the fiscal structure which has become too onerous to encourage future investment," Tony Hayward told a news conference in London.

### [Reducing demand for oil only option](#)

This summer's rocketing oil price demonstrates once more the danger of our reliance on a finite commodity that is in growing demand around the world and is largely in the hands of people who do not have our best interests at heart.

We can't repeal the law of supply and demand. We don't have control over either supply or price, so the only way to sidestep the law's crushing inevitability is to reduce demand.

### [Mad at the carriers? How to get even — now](#)

“I just don’t fly unless it’s necessary,” says David Kazarian, the president of a medical services company in St. Petersburg, Fla. “I used to travel several times a month. Now I use telephone conferences and only travel once every three months.”

Airlines worry about passengers like Kazarian, because they rely on frequent business travelers for a large part of their revenues. When he stays home, the airlines start their slow descent into bankruptcy. But other travelers want to inflict pain on the airlines, too. And with good reason. Since the beginning of the year, U.S. carriers have added fees and cut services like never before. Passengers are seething mad.

### [Heavy? Your neighborhood may be to blame](#)

It could be your neighborhood that's making you fat — or keeping you slender.

A new study found that the year your neighborhood was built may be just as important as diet and exercise for shedding pounds. Those who live in neighborhoods built before 1950 are trimmer than their counterparts who reside in more modern communities, the study reported.

“The older neighborhoods had a reduced level of obesity because they were generally built with the pedestrian in mind and not cars,” said Ken Smith, a co-author of the study and professor in the department of family and consumer studies at the University of Utah. “This means they have trees, sidewalks and offer a pleasant environment in which to walk.”

### [Sharon Astyk: Everything you need to know, in order - part II](#)

Ok, I’m going to try and work some more on the list of necessary skills. So five more entries on this subject - and more coming. Last time was the absolute minimum - but I’m still working on a list of everything you might ever need to know.

### [The Rise of Agri-Powers](#)

AGRICULTURAL POWERS - those self sufficient in food, fabric, and hydrocarbon production - once were unambiguously regarded as strategic powers. This has been true throughout history: societies which were not agriculturally efficient and abundant could never long or fully sustain strategic power. Now, once again, a new set of nations is likely to emerge in the 21st Century with significant regional, if not global, influence demonstrably based on their agricultural capacity and their ability to match capital, productive land, and emerging technology on a scale which was not possible in the past. These emerging "agri-powers" are benefitting from trends making agricultural

commodities more strategically important, and will gain from having a significant agricultural base.

Unlike the second half of the 20th Century, the global strategic environment is set to become more fluid, and the criteria which marked "middle-power" status, such as access to sophisticated military technology, is likely to become less overwhelming in importance. Even the term itself will lose its relevancy as dozens of nations fulfil the original definition of a traditional middle- power.

### [Saudi Arabia to keep fuel oil exports on ice after summer](#)

SINGAPORE: Saudi Aramco won't sell any spot fuel oil after its peak summer demand season, on rising requirements from domestic utilities and new secondary refining units, traders said on Tuesday. Saudi Arabia's state oil firm, which typically offers at least two 80,000 tonne parcels of fuel oil onto the spot export market monthly outside the summer period, will absorb these parcels for its domestic market.

This could further tighten the fuel oil crack against Dubai crude, which has halved since the start of the month on prospects of smaller flows from the West. "We are hearing that they will not be offering the usual one or two cargoes in the spot market because of growing domestic demand from the power sector," a Singapore-based fuel oil trader said.

As Middle East oil-producing economies surge, their demand for utility fuel used by industries has ballooned. Demand for electricity across the Gulf Cooperation Council (GCC) is growing at an annual rate of around 8 percent. Gas projects have failed to keep up with demand for electricity production.

### [ANALYSIS-Asian fuel oil feels heat of tightening supply](#)

SINGAPORE (Reuters) - The perennially oversupplied Asian fuel oil market may change into one of the tightest in the next five years, as a massive programme of refinery upgrades cuts supplies and Middle East demand surges.

This will cut supplies available for the fuel oil-driven utility sector in South China, the manufacturing hub in a booming country already at risk of a power crunch this summer due to low coal stocks.

### [Gulf airlines don't feel the pinch](#)

As carriers from American Airlines to Thai Airway International are responding to a

new era of high oil prices by shedding jobs, culling routes and grounding aircraft, Middle Eastern carriers are expanding as fast as they can in hopes of redefining their region as the aviation crossroads of the globe.

"There is no sign of a crisis there," said Thomas Enders, the chief executive of Airbus, during an interview shortly before handing over the jet to the sheik. "These airlines are on a very impressive growth path and expansion course; they are steering a steady course while others are experiencing more difficulties."

### [Are women behind the wheel driving Saudi reform?](#)

Could Saudi Arabia's King Abdullah finally live up to his reformer reputation and issue a clear decree allowing women to drive? Reformers speculate that it might happen by the end of the year or even, as one hopeful woman activist told me last week, by Saudi National Day on September 23.

### [Putin steps up attacks on Russian coal company](#)

MOSCOW: Prime Minister Vladimir Putin of Russia on Monday made a new attack on the coal miner Mechel, saying it had evaded taxes, erasing a third of the company's market value for the second time in a week.

The Kremlin, however, was more conciliatory toward the company, which is the largest Russian coking coal miner, leaving investors and analysts guessing whether the first discord with Putin's new government was genuine or a political game.

### [Rising prices, shifting gears](#)

We're using more energy to extract oil, which means the oil is going to be more expensive. The tar sands in Alberta, the ultimate reason so many New Brunswickers have moved to that province, have been developed so much over the past five years because the price of oil is high. Prior to that, because that oil is difficult to extract, the tar sands weren't as profitable.

### [Oil may finally fall in line with reality](#)

NEW DELHI: Higher oil prices are their own enemy: demand destruction caused by spiking energy costs will bring down global crude prices, stepped up production lending a



helping hand.

## [The New Noah](#)

Finally, my new book “The New Noah” is published! 12 months in the writing and six months to get it published! (Maybe another blog there).

The New Noah tries to tell “IT” how I see “IT” ... and it is BAAD!

Worried about Climate Change? Peak Oil? Credit Crunch? You should be! The New Noah goes through the challenges that face us, and concludes that it will end our way of life in the next few years.

## [Depending on elders](#)

There are still people around who know how to do the things Grandpa Stamper knew, people with manual skills and local knowledge. And he wasn't perfect — Grandma Stamper would have told you that. I don't mean to idealize his generation just because their lives were different. But I do think we need to look about us and take stock of what we may be missing in our daily rush toward the future. Especially because certain aspects of the future may turn out to look a lot more like the past than we can imagine. How much generational know-how is not being passed on? What happens when we've lost our link with the people who really have “been there, done that”?

## [Calif. Field Goes from Rush To Reflection of Global Limits](#)

The United States is at the leading edge of what may lie ahead for worldwide oil production. Global petroleum output is still rising, but the rate of growth is slowing. Supply is not increasing fast enough to keep up with soaring global demand, putting ever more upward pressure on oil prices.

New technology is opening virgin areas for exploration -- especially off the shores of Brazil, the west coast of Africa and the Gulf Coast of the United States -- and extending the lives of older fields. But elsewhere, war and other political obstacles are impeding the development of prospects that would otherwise be the most accessible and cheapest to exploit.

Even if these fields become fully available, many oil experts warn that the world's production will hit a peak soon if it hasn't already. With the exception of Iraq's, most of the "easy oil" in large reservoirs close to the surface is gone. Mexico's biggest field, Cantarell, is in steep decline. Indonesia has become a net oil importer, withdrawing from

the Organization of the Petroleum Exporting Countries as output from its largest fields has slipped and new discoveries have lagged. Production in the North Sea is plummeting, and Russian output is hitting a plateau.

Future discoveries may not turn the tide. New deepwater fields peak fast and then decline because of their unique geology. Deepwater prospects and fields of heavy oil, like those already being exploited in western Canada and Venezuela, are expensive and energy-intensive to develop.

### [Cost at pump dips as demand, oil prices fall](#)

Don't expect to see prices below \$3 any time soon. Tom Kloza, chief oil analyst for the Oil Price Information Service, expects average gas prices to fall to about \$3.85 later this summer. The wholesale price of gasoline is now \$3 to \$3.20, Kloza says. Gas at the retail level typically sells for 60 to 70 cents a gallon more than the wholesale price, so he expects pump prices to fall further.

### [Rush for Natural Gas Enriches Corner of the South](#)

A no-holds-barred, all-American gold rush for natural gas is under way in this forgotten corner of the South, and De Soto Parish, with its fat check from a large energy company this month, is only the latest and largest beneficiary. The county leaders and everyone around them, for mile after mile, over to Texas and up to Arkansas, in the down-at-the-heels city of Shreveport and in its struggling neighbors, suddenly find themselves sitting on what could prove to be the largest natural gas deposit in the continental United States.

### [OPEC chief says current oil prices 'abnormal'](#)

JAKARTA (AFP) - Crude oil prices above 120 dollars a barrel are "abnormal" and could fall to around 78 dollars under the right circumstances, OPEC President Chakib Khelil said here Tuesday.

"If the dollar continues to strengthen and the political situation (regarding Iran) improves, then the long-term prices will be about 78 dollars," Khelil told reporters in Jakarta, adding the market was well-supplied with oil.

### [Shell announces export cuts after militants attack oil pipeline in Nigeria](#)

LAGOS, Nigeria: Royal Dutch Shell PLC said Tuesday it may not be able to fulfill some oil-export contracts after Nigerian militants sabotaged a pipeline in the Niger Delta.

### [Fuel prices force schools to weigh class, staff cuts](#)

Fuel and energy costs are rising so quickly for the USA's public school districts that nearly one in seven is considering cutting back to four-day weeks this fall. One in four is considering limits on athletics and other extracurricular activities, and nearly one in three is eliminating teaching jobs.

In the first detailed look at how fuel costs are affecting schools, a survey by the American Association of School Administrators (AASA) finds 99% of superintendents contacted say they're feeling the pinch — and 77% say they're not getting any help from their state.

"No question that schools are being impacted here," says Steven Crawford, executive director of the Cooperative Council of Oklahoma School Administration. "The price of fuel has impacted everybody's budget."

### [Gas prices drive push to reinvent America's suburbs](#)

What Maricopa has been doing is unusual, especially for a distant suburb. This city about 35 miles south of Phoenix is asking builders not to develop just isolated subdivisions behind walls, but whole communities that encourage walking by including stores, schools and services nearby.

"The people of Maricopa don't want to be a bedroom community, a city of rooftops," Smith says. "They want a self-sustained community."

Especially today. As gas prices hover around \$4 a gallon, the nation's far-flung suburbs — which have boomed because they could provide larger homes at cheaper prices to those willing to drive farther — are losing their appeal.

Soaring energy costs and the foreclosure epidemic have jolted many Americans into realizing that their lifestyles are at risk. For many, ever-lengthening commutes in the search for affordable homes no longer make financial sense.

In Maricopa and elsewhere, a movement is underway to transform suburbs from bedroom communities that sprang up during an era of cheap gasoline to lively, more cosmopolitan places that mix houses with jobs, shops, restaurants, colleges and entertainment.

## [Indonesia sees 20 pct of coal power plants by 2009](#)

JAKARTA (Reuters) - Indonesia's state power firm, PT Perusahaan Listrik Negara (PLN), is set to bring on stream 2,000 megawatts of new power plants in 2009, or a fifth of a crash plan to build coal-fired plants, an official said on Tuesday.

## [Climate Experts Tussle Over Details. Public Gets Whiplash.](#)

When science is testing new ideas, the result is often a two-papers-forward-one-paper-back intellectual tussle among competing research teams.

When the work touches on issues that worry the public, affect the economy or polarize politics, the news media and advocates of all stripes dive in. Under nonstop scrutiny, conflicting findings can make news coverage veer from one extreme to another, resulting in a kind of journalistic whiplash for the public.

This has been true for decades in health coverage. But lately the phenomenon has been glaringly apparent on the global warming beat.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](#).