



## DrumBeat: August 8, 2008

Posted by [Leanan](#) on August 8, 2008 - 8:25am

Topic: [Miscellaneous](#)

### [Oil sinks to 3-month low](#)

*Crude ends near \$115 a barrel on a slumping global economy and after disrupted supply from a pipeline attack in Turkey is rerouted.*

Light, sweet crude for September delivery settled down \$4.82 to \$115.20 on the New York Mercantile Exchange. It was the lowest close since May 1, when oil finished at \$112.52.

..."So much of the buying we saw since last August when oil was trading at \$68 a barrel was predicated on a weak dollar," said Peter Beutel, an oil analyst with Cameron Hanover Oil. "As the dollar is gaining now, we're seeing an unwinding of those positions in oil."

"There's no reason why we can't see an unwinding of positions back to the \$68 to \$79 level," said Beutel. "This market can always go further and faster than anyone will believe."

### [In Iraq, fault lines run deep over Kirkuk's future](#)

KIRKUK, Iraq (Reuters) - The failure of Iraqi politicians to resolve competing ethnic claims for the oil-rich northern city of Kirkuk is storing up explosive problems for the country's future.

After months of debate, parliament shut for a summer break without agreement on a new law paving the way for the first provincial elections since 2005 -- and it was divisions over how to hold the vote in Kirkuk that scuppered a deal.

### [Nigeria oil output 1.8 mln bpd - minister](#)

ABUJA (Reuters) - Nigeria, the world's eighth largest oil exporter, is producing around 1.8 million barrels per day as security concerns and militant attacks continue to plague the OPEC member, its oil minister said on Friday.

Kidnappings, pipeline bombings and oilfield raids in the oil-rich Niger Delta have slashed a fifth of production since early 2006.

### [Nigerian troops wounded in militant attack in delta](#)

PORT HARCOURT, Nigeria (Reuters) - Two Nigerian soldiers were wounded on Friday after militants attempted to hijack their gunboat in the strategic waters of the oil-rich Niger Delta, security and industry sources said.

Gunmen with apparent links to the main militant group MEND attacked security forces escorting a private company's boat to Bonny Island, the export point for about 400,000 barrels per day of oil and 18 million tonnes per year of liquefied natural gas. It was not clear which private firm was involved in the ambush.

### [Nigerian Navy Steps Up Patrols in Niger Delta to Curb Attacks](#)

(Bloomberg) -- Nigeria's navy has increased patrols in the oil-rich Niger Delta region to curb attacks by militants, said Rear-Admiral Bodunrin Raji.

The patrols have resulted in fewer incidents of crude theft in the region, Raji, the commander of the Nigerian navy in the region, told youth and community leaders from the states of Rivers and Bayelsa in Port Harcourt yesterday.

### [Russia's \\$21 Compromise](#)

Robert Dudley could have been banned from working in Russia for up to three years because of his legal troubles as head of BP's Russian joint venture, TNK-BP. Now he's been slapped with a fine of 500 roubles, or \$21.20, instead.

That the amount is so small suggests that tensions are finally easing between BP and the Russian oligarchs with whom it shares ownership of TNK, as Russia struggles to claw back its reputation as a place to do business with foreign investors.

### [Getting More Constructive on Crude Oil](#)

Given that oil prices have retreated about \$30 from their peak, I believe that the near-term upside and downside price risks are far more balanced and would be inclined to be more constructive on the oil price. Does that mean that it can't go down any more? Of course not, there remain substantial risks to buying here. However, if you are playing the odds then the probabilities are now tilting more in favor of the bulls.

## [What's so bad about foreign oil?](#)

Foreign oil is my favorite kind of oil. It means other nations clog their beaches with ugly rigs, do dangerous work and suffer environmental disasters and I still get to cruise Sunset Boulevard in my yellow Mini Cooper convertible. Oil exploration is an industry America should look to expand right after alchemy research and pyramid building.

## ['Peak metal' problems loom, warns scientist](#)

The scarcity of metals has made news around the world recently. In July, a Japanese ship carrying lead and zinc was seized by Somali pirates; there has been a rise of 150 per cent in the theft of all metals in Britain over the past 24 months, including iron railings and 400,000 beer kegs; and in Philadelphia, 2,500 manhole covers and sewer grates have been stolen in the past year, costing the city about \$300,000 a year in replacement costs.

The use of metals Mr Reller is studying, including the possibility of their depletion, has led to the idea of “peak metal”, similar in notion to “peak oil”, which refers to the maximum rate of oil production given that it is a finite resource. Metals, too, are finite resources except, as Mr Reller points out, when they are used they do not evaporate into the air. Metals can be recovered, but only to a point.

## [German City Wonders How Green Is Too Green](#)

MARBURG, Germany — This fairy-tale town is stuck in the middle of a utopian struggle over renewable energy. The town council's decision to require solar-heating panels has thrown Marburg into a vehement debate over the boundaries of ecological good citizenship and led opponents to charge that their genteel town has turned into a “green dictatorship.”

The town council took the significant step in June of moving from merely encouraging citizens to install solar panels to making them an obligation. The ordinance, the first of its kind in Germany, will require solar panels not only on new buildings, which fewer people oppose, but also on existing homes that undergo renovations or get new heating systems or roof repairs.

## [An Energy Diet for Power-Hungry Household PCs](#)

Microsoft, the nonprofit Climate Savers Computing Initiative and a start-up called Verdiem are combining to put a spotlight on the energy-saving opportunity in PCs, and distributing a free software tool to consumers to help them do it.

## [How Copenhagen came to embrace bicycles](#)

While in America an effort is being made to reintroduce the bicycle to a nation that only has 1% of all trips made by bicycle, the goal in Copenhagen, Denmark, is to increase the percentage of daily cyclists from 36% at present to 50% in 2015. Here in the self-proclaimed World's Cycling Capital, modern Copenhageners have chosen to cycle in great numbers for the better part of four decades.

## [Climate-Change Program to Aid Poor Nations Is Shut](#)

The National Center for Atmospheric Research, an important hub for work on the causes and consequences of climate change, has shut down a program focused on strengthening poor countries' ability to forecast and withstand droughts, floods and other climate-related hazards.

The move, which center officials say resulted from the shrinking of federal science budgets, is being denounced by many experts on environmental risk, who say such research is more crucial than ever in a world with rising populations exposed to climate threats.

## [Business Matters: Surviving the Oil Crisis](#) (audio)

Summer is here and with it comes high gas prices. However, when the pumps are already maxing out consumers' pocketbooks, what can anyone do except grin and bear it? We'll speak with Matthew R. Simmons, CEO of one of the largest investment banking firms serving the energy industry and Daniel Lerch, Program Manager for the Post Carbon Institute's Post Carbon Cities program, in search for life after oil, and get the scoop from those inside the industry who have faith that we're still stocked for the future.

## [High Gas Prices Direct Assault on American Commuter-Consumer Lifestyle](#)

Facing the probability that our economic lifestyle as we have built and lived it, is no longer sustainable, we are now forced to make serious choices about how to sustain the key elements of our national culture and character, without succumbing to the downward spiral of economic trends, fuel pricing, and failing consumer credit, if we try to sustain our lifestyle without the key infrastructure changes needed to enable this.

## [Glenn Beck: Drive naked, save America](#)

If people really loved America, they would strip down, leave their clothes at home, and drive around buck naked. That would decrease the weight of our cars, which would increase our gas mileage so dramatically that we probably wouldn't have to drill for any

new oil!

Genius, right?

Of course, my idea has about as much of a chance to make a real difference in our energy crisis as the suggestion that Barack Obama recently made.

...It turns out that about two-thirds of vehicles already have properly inflated tires. That means we'd likely save somewhere around 800,000 barrels of oil a day if everyone else also complied. Meanwhile, the U.S. Minerals Management Service estimates that there are about 86 billion barrels of oil in the areas that we're not allowed to drill. You do the math.

### [Dominican Republic: Drivers, homes start to feel the propane gas crunch](#)

Victor Reynoso, head of the distributors grouped in Asonadigas, said the shortage is because the stations aren't getting the fuel at full capacity, though affirmed the problem will be solved. "We've reached a bit of a difficult point; we are only receiving 60 percent of the amount we require to keep the market supplied."

### [Electricity's dark edge has Dominicans on the brink](#)

Even when the country's output is more than the demand, "the government's decision to cap electricity prices, tolerate theft by end users and give free electricity has resulted in insufficient funds for state-owned electric distribution companies to cover their operating costs and pay private sector generators for contracted capacity."

### [Nepal: Fuel smugglers rake it in as helpless NOC looks on](#)

BIRATNAGAR - Traders have started smuggling petroleum products from bordering towns in India and selling them in Kathmandu at higher rates as Nepal Oil Corporation (NOC) remains clueless about easing the longstanding fuel shortage.

Merchants based in Rangeli of this eastern city have been sneaking as much as 5,000 liters of diesel into the capital daily.

### [Petrol coupons traded as cash in Zimbabwe](#)

Just a week after Zimbabwe got a new currency when the government lopped 10 zeros off bank notes to counter hyperinflation, a drastic shortage of cash has led to shops and businesses using petrol coupons as an alternative currency.

It also has counterfeiters switching from forging banknotes that cost as much to produce

as they are worth to the far more lucrative business of turning out the £20 coupons that can be exchanged for a precious 20 litres of petrol.

### [Indoensia's Energi Laga to Build New Oil Refinery](#)

President of PT Energi Laga, Iqbal Miad said the oil refinery will have a production capacity of up to 200,000 barrels of oil fuel per day with crude oil feedstock to be imported from the Middle east.

The project is expected to help cope with Indonesia's shortage of around 400,000 barrels of oil fuel per day, Miad said.

### [Toyota posts worst profit decline in 5 years](#)

High gas prices are proving to be the kryptonite of the car world: Even mighty Toyota Motor Corp. has succumbed.

Burdened by a crashing market for big trucks and SUVs, the Japanese carmaker reported a 28% earnings decline for the first fiscal quarter Thursday, its worst profit decline in five years.

### [Nissan sold on electric cars, not hybrids](#)

NEW YORK (Associated Press) - Nissan won't be coming out with a model available only as a hybrid, opting instead to focus on electric vehicles for its green strategy, according to a senior executive.

Mitsuhiko Yamashita, Nissan Motor Co. Executive Vice President overseeing research and development, said Nissan will likely pack its hybrid system in a model already available as a conventional gasoline-powered car.

Hybrids, he said, will soon be so commonplace they will no longer be the conspicuous-consumption status symbols they now seem to be for owners.

### [Coal. It's what lights up the world](#)

What the utilities know that isn't getting enough press is that as much as we all want to power the country with wind, solar, hydro, biomass and even nuclear, all those advances in alternative energy combined are forecasted to make up only about 7% of our nation's power needs by 2020 -- and that's if all the stars line up for rolling out these new technologies.

Coal is here to stay. In fact, according to government statistics, coal is responsible for 47% of the power generated in the U.S. today. By 2030 the Department of Energy forecasts that coal will account for 51% of power output, an increase of 4% in the wake of all the momentum behind alternative energy. That's a bit of a reality check for the green movement. We need a lot more power generation sooner than the green industry can deliver.

### [Coal isn't the climate enemy, Mr Monbiot. It's the solution](#)

We must draw on existing resources as part of an integrated energy policy, not flirt with nuclear, the most dangerous option.

### [The Decline Of Suburbia?: Experts Predict Exodus From Far-Flung Neighborhoods Back To Urban Living](#)

It sounds hard to believe, but some experts are now predicting that this could be the beginning of the end of suburbia -- that far-flung neighborhoods could be tomorrow's slums.

Author James Howard Kunstler has been predicting the decline of the suburbs for more than 15 years.

"I think the project of suburbia is over," he says.

### [Energy crisis is fuel-injecting election up and down the ballot](#)

It is not just Sens. John McCain and Barack Obama who are trying to convince voters this year that they have the answers to ease the nation's reliance on foreign oil.

Candidates down the ballot as well as third-party interest groups are taking to the airwaves to offer their own energy plans or to try to discredit opponents in slickly produced 30- and 60-second campaign commercials.

There is no question that this is an energized election.

### [Water-Powered Cars: Hydrogen Electrolyzer Mod Can't Up MPG's](#)

After batting down the hype over startups and DIYers claiming they could run a car on water, *Popular Mechanics'* senior automotive editor installs a hand-built HHO kit—only to find he was right the first time. Can bad chemistry keep the myth of the water car alive? More heavy testing in the *Popular Mechanics* garage will tell.

## [India to Increase LPG Imports Next Year as Reliance Cuts Sale](#)

(Bloomberg) -- India will need to double imports of liquefied petroleum gas in the year starting April 2009 after Reliance Industries Ltd., operator of the world's third-biggest refinery, reduces domestic sales of the fuel.

Reliance plans to cut annual supplies by more than half to 1 million tons from March, said Gyan Chand Daga, director of marketing at Indian Oil Corp., which negotiates fuel purchases on behalf of state-run refiners. Reliance plans to produce alkylate, used to make cleaner gasoline, for export to the U.S. and Europe, he said.

## [Tajikistan: The Upcoming Energy Crisis](#)

The summer is not over yet, but one can hear more and more about the upcoming energy crisis and all its consequences in Tajikistan. The memory about the last severely cold winter is still fresh in the minds of people. They expect one more winter which is going to be according to weather forecasters not less cold.

The main provider of electricity in the country, Barki Tojik (Electricity of Tajikistan) is striving to introduce the schedule of regular electricity cut-offs in August, whereas this schedule is usually introduced in October each year and lasts till April. This year the schedule was abandoned only in May. The early introduction of electricity cut-offs according to Barki Tojik is necessary due to lack of water in the water reservoir of the biggest hydropower station Norak, which generates more than 80 per cent of electricity in Tajikistan. The more electricity we save the more water we will have in the reservoir to be used during the winter.

## [The great oil bubble has burst](#)

If the trend continues into September at anything like the same rate of descent, most of the inflationary spike of the past 12 months will miraculously have been sliced away. This is a dramatic reversal, and it is worth trying to work out why it is happening and what it means.

Just possibly, it means that what investors refer to in shorthand as the great "oil up" story has finally revealed itself not as the fundamental reflection of scarce supply that its adherents liked to claim, but as a simple, speculative bubble that was always going to burst.

## [OPEC looks on calmly as oil price falls](#)

"At the moment, and at this level, there is no movement within OPEC to do anything,"



an OPEC source told Reuters this week. "I don't think ministers will change output. I think at less than \$80 for OPEC oil, maybe they would do something."

OPEC has been reluctant to disclose a target oil price, but even members of the group who have traditionally favoured higher prices have said they would be comfortable with a market below current levels.

Venezuelan President Hugo Chavez earlier this week described oil's decline as "a good thing" and has repeatedly said \$100 was a fair price for oil.

OPEC President Chakib Khelil said prices were abnormal last week, when a barrel cost around \$123. He said the price could fall to \$70 to \$80 a barrel in the long term.

### [Looming oil supply 'crunch' to lead to over \\$200 price spike - study](#)

LONDON (Thomson Financial) - The world will go through an oil supply 'crunch' that will potentially lead to oil price of over \$200 a barrel, international think tank Chatham House said in a report.

The supply crisis is expected to occur within the next five to 10 years if demand kept on rising. It has nothing to do with resource constraints below the ground or arguments relating to 'peak oil' but rather inadequate investments by oil companies, it said.

### [Kurdish rebels claim pipeline blast: report](#)

ANKARA (AFP) - Separatist Kurdish rebels claimed responsibility Friday for a blast that cut a strategic oil pipeline in Turkey and sent international prices higher.

The Baku-Tbilisi-Ceyhan (BTC) pipeline at Refahiye in eastern Turkey has been on fire since the blast on Tuesday night and is expected to be closed for 15 days.

### [BP Turkey Pipeline Is Still Burning, Delaying Repairs](#)

(Bloomberg) -- A fire that's closed BP Plc's Baku- Tbilisi-Ceyhan oil pipeline in eastern Turkey may keep burning today and tomorrow, delaying the start of damage assessment, Turkey's Energy Ministry said.

About 70,000 barrels of oil had burned by late last night, leaving another 30,000 barrels to burn out before experts can start assessing damage to the 6-kilometer (3.7-mile) stretch of the pipeline in eastern Turkey where the fire occurred, Mehmet Akif Sam, a spokesman for the ministry, said in a phone interview today. That may not happen until Aug. 10, he said.

## [Military wants to lead U.S. into the green](#)

FORT IRWIN, California (Reuters) - The U.S. military has a history of fostering change, from racial integration to development of the Internet. Now, Pentagon officials say their green energy efforts will help America fight global warming.

By size alone, the Defense Department can make waves. It accounts for 1.5 percent of U.S. energy consumption.

The military has set a goal that 25 percent of its energy should come from renewable sources by 2025 and aims to create machines and methods to help Main Street America reach similar targets, said Alan Shaffer, a retired Air Force officer who leads the Pentagon's research and engineering arm.

## [Congress's unsound fury over Big Oil: Movie theaters capture more windfall profit than oil companies.](#)

Washington - With this summer's high gas prices, Americans are trading in their traditional vacations for "staycations" – vacations much closer to home.

But compared with other things Americans might do, driving is still a bargain.

## [The Case Against ExxonMobil](#)

The company's second-quarter earnings looked profoundly disappointing to me but were glossed over because they compared favorably with year-ago numbers. But unless downstream earnings recover by year end, favorable comparisons must end. The only variable that can save Exxon's 2009 profits is an uptick in oil futures from the present \$120 level to \$150 a barrel.

This holds for all international oil producers. Their refining margins have turned paper-thin, production has slowed and chemicals divisions remain cyclically vulnerable. Belatedly, Exxon's management has begun to allocate more capital to drilling and exploration, now a third higher than a year ago.

## [BG Group Makes 'Material' Oil Discovery in Brazil](#)

BG found 30 degrees API light crude in the Iara well within the BM-S-11 concession area, the Reading, England-based company said today in a statement. The well, operated by Petroleo Brasileiro SA, is still being drilled to evaluate deeper targets, BG said.

Iara is in the same exploration block as Tupi, a field with as much as 8 billion barrels of

recoverable oil.

### [Overpopulation: the real crisis](#)

If we continue to go on with this steadfast refusal to recognize limits in a finite world, it will be our undoing. Current global economic systems based on perpetual expansion of capital require population growth to increase markets and cheap labor. Coupling such growth-crazy economic systems with human greed will ultimately result in the collapse of civilization.

### [Peak oil talk draws large crowd of the local faithful: Author Richard Heinberg of Post Carbon Institute says "I told you so"](#)

SEBASTOPOL — Free bicycle parking and vegetarian fare waited for the people who journeyed to Sebastopol last Saturday night to hear presentations by Richard Heinberg and Julian Darley of the Post Carbon Institute.

A crowd of about 250 attended "Kiss Your Gas Goodbye" at the Sebastopol Veteran's Hall, where Heinberg, a senior fellow at the Institute who is considered to be one of the leading experts on the effects of peak oil, warned about the coming effects of peak oil on societies around the globe, and that "our dependence on oil is a threat to our way of life."

### [Drive For Natural Gas Vehicles Faces Big Test In California](#)

SAN FRANCISCO -(Dow Jones)- The notion of spending taxpayers' money to help fill U.S. roads with natural gas-fueled vehicles faces a major test when voters in California, the nation's largest auto market, go to the polls in November.

Natural gas providers are spending millions of dollars on advertising to convince Californians to pass a ballot initiative allowing the state government to invest in the now-tiny market for natural gas-fueled cars and trucks. The push comes as gas producers, emboldened by a windfall of domestic production, press federal lawmakers to help expand the market for gas as a means for reducing dependence on foreign oil and cutting greenhouse-gas emissions.

### [Nuclear Power Less Popular Than Other Energy Strategies: Conservation-oriented proposals draw widest support](#)

PRINCETON, NJ -- John McCain has ramped up his longstanding call for building more nuclear power plants -- 45 new ones by 2030 -- drawing the sharpest distinction between himself and Barack Obama on energy policy, but also, to some degree, throwing the political dice.

According to a July *USA Today*/Gallup poll, the impact of a candidate's favoring greater use of nuclear power is mixed. Forty-seven percent of Americans say they are more likely to back a candidate who favors expanding nuclear power, while 41% say they are less likely to back such a candidate. But on a relative basis, the nuclear option is near the bottom of a list of possible solutions to the energy situation.

### [Sweden Requires Fuel-Efficient Driving Lessons](#) (audio)

Sweden is known as an eco-friendly country — except when it comes to people's preference for big cars with gas-guzzling engines. In order to meet carbon dioxide emissions standards set by the European Union, Sweden is requiring motorists to learn to drive with greater care toward fuel efficiency.

### [Dry California OKs huge desalination plant](#)

OCEANSIDE, Calif. - The California Coastal Commission approved a plan to build the Western Hemisphere's largest desalination plant north of San Diego — a move aimed at relieving water shortages in the nation's most populated state.

(It looks like the plant will be built beside and be powered by the Encina Power Plant. So the energy used for desalination will be electricity generated by natural gas.)

### [Tropical downpours worsening, say scientists](#)

OSLO (Reuters) - Tropical downpours are becoming more frequent and the trend seems worse than expected, bringing greater risks of flash floods, scientists said on Thursday.

"As the tropics warm are seeing an increased frequency in the heaviest rainfall," said Richard Allan of the University of Reading in England, who co-authored a study of tropical rains with Brian Soden of the University of Miami.

The satellite review of tropical rainstorms since the 1980s gave the first observational evidence to confirm computer models that predict more intense cloudbursts because of global warming stoked by human activities, they said.

### [EU says U.N. carbon market link to start October](#)

BRUSSELS (Reuters) - The European Union's executive Commission plans to link an EU market in carbon emissions permits with a related U.N. trading scheme in the first half of October, it said in a statement on Thursday.

The connection will allow European companies to use carbon offsets, earned from

funding emissions cuts in developing countries, to meet EU caps on greenhouse gases.

### [World Bank: Climate Resilient Cities](#)

Climate change is no longer a distant possibility but a current reality. Loss from flooding and hurricanes is an all too frequent occurrence in many countries in the Region, particularly in cities where people and assets are concentrated. Urban centers must be prepared with specialized tools to deal with climate change impacts and early warning systems.



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