



DrumBeat: September 2, 2008

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Topic: [Miscellaneous](#)

[OPEC Will Cut Output, Defend \\$100 Oil Price, Pickens Tells CNBC](#)

(Bloomberg) -- Oil prices are unlikely to drop below \$100 a barrel because OPEC will cut production to support the price, billionaire hedge-fund manager Boone Pickens told CNBC today.

``OPEC likes it up here," Pickens said in a televised interview from the New York Mercantile Exchange. ``I think they'll support it and cut production."

The 13 members of the Organization of Petroleum Exporting Countries meet Sept. 9 in Vienna to review production targets.

[Lula wets his hands in Brazil's new oil wealth](#)

VITORIA, Brazil (Reuters) - Brazil's President Luiz Inacio Lula da Silva dipped his hands in the first oil from vast new reserves on Tuesday, symbolizing the start of what could be a new era for Latin America's largest economy.

Wearing orange overalls and a hard hat, the former union leader gave his blessing to the oil on an offshore platform as his government seeks a greater share of the wealth it hopes will propel Brazil to developed-nation status and help its poor.

[The Philippines: DOE sounds alarm on LPG-powered tricycles](#)

The Department of Energy (DOE) on Tuesday raised its concern on the safety of liquefied petroleum gas (LPG)-converted tricycles amid reports of exploding tanks and the health risks involved in using cooking gas to power vehicles.

[Brazil Pumps First Pre-Salt Oil Amid Windfall Debate](#)

(Bloomberg) -- Brazilian President Luiz Inacio Lula da Silva boarded an oil platform today to celebrate the first output from offshore deposits he's counting on to speed

development and end poverty.

The oil is the first trickle from the so-called pre-salt region containing as much as 50 billion barrels of oil worth \$6 trillion at current prices. Located in area is Tupi, the largest discovery in the Americas since 1976. Petroleo Brasileiro SA, the state-controlled oil company, is tapping the well about 560 kilometers (350 miles) northeast of Rio de Janeiro.

Although full-scale production is still years away, Lula's allies in congress are already writing bills to spend the windfall on programs ranging from education to nuclear submarines. Other lawmakers want to revamp Brazil's oil industry to exert more state control and limit foreign involvement. As the fight for cash intensifies, analysts and opposition lawmakers say it may scare off investment.

[Dick Cheney to take fight against Russia's oil dominance to Azerbaijan](#)

Dick Cheney, the US vice-president will arrive in the Caucasus on a mission to prevent Russia from gaining a stranglehold over Central Asia's vast reserves of energy.

[Russia: Europe can suck our gas](#)

RUSSIAN newspapers have hailed a victory for Moscow after the European Union froze talks on closer ties until Russian troops withdraw from Georgia but stopped short of imposing economic sanctions.

"Europe Can Keep Sucking Our Oil and Gas," read a headline in the tabloid Tvoi Den, adding that the EU had not "given in to the hysterics" of British Prime Minister Gordon Brown and Polish President Lech Kaczynski.

[Resurgent Russia flexes muscles in Africa again](#)

RABAT (Reuters) - Russia is reviving an interest in Africa that collapsed with the Cold War and its growing appetite for deals in African oil and gas is an added cause of unease in energy-hungry Western Europe.

Russian firms say the goal is to diversify energy interests and secure raw materials for a fast-growing economy, but the companies are also seen as tools of an increasingly assertive Kremlin foreign policy.

[Power blackout in Venezuelan capital, oil province](#)

CARACAS (Reuters) - A power blackout hit major parts of Venezuela on Monday,

including the capital and an oil-producing province, darkening buildings, knocking out traffic lights and disrupting plane and train journeys.

It was the second massive outage in just over four months on the OPEC nation's electricity grid, which is creaking from outdated infrastructure and low investment.

There were no reports of problems in the country's mainstay oil industry, which is a leading supplier to the United States, the state oil company said.

[It's a wrap](#)

A month ago I announced I was giving up plastic for the whole of August.

Little did I know that what seemed like a simple, if somewhat extreme, idea would lead me into such intricate areas as whether apples sold loose are more wasteful than those in bags, the environmental pros and cons of a wooden toothbrush and whether bicarbonate of soda is an effective deodorant (it is - at least on the one day I tried it).

['Big Dry' turns farms into deserts](#)

There are puddles of water but they are brown-tinged and unwelcoming. The cows will not drink it. So high is the salt content that it stings and burns their mouths.

[Winter heat crisis looms, little relief seen](#)

NEW YORK (CNNMoney.com) -- Home heating bills are expected to rise dramatically this winter and there is growing concern that the government program aimed at helping poor families cope with energy costs may not be able to meet the needs of cash-strapped households.

The Low Income Home Energy Assistance Program (LIHEAP) is a federally funded program that gives money to states to help low-income households, the elderly and the disabled cope with the financial strain of high heating bills.

This year, however, the program could be squeezed by a projected 20% average increase in heating bills nationwide and an influx of people applying for assistance due to sour economic conditions, high gas prices and a weak labor market.

"This could be the worst winter ever for low-income folks," said Jerry McKim, who oversees Iowa's LIHEAP program for the state's Bureau of Energy Assistance.

[Putin vows 'an answer' to NATO ships](#)

MOSCOW - Prime Minister Vladimir Putin said Tuesday that Russia will respond calmly to an increase in NATO ships in the Black Sea in the aftermath of the short war with Georgia, but promised that "there will be an answer."

Russia has repeatedly complained that NATO has too many ships in the Black Sea. Foreign Ministry official Andrei Nesterenko said Tuesday that currently there are two U.S., one Polish, one Spanish and one German ship there.

Russian officials say the United States could have delivered weapons to Georgia under the guise of humanitarian aid.

[Nigeria: U.S. journalist arrested in oil region](#)

LAGOS, Nigeria: Authorities have detained a U.S. filmmaker in Nigeria's troubled oil producing region for filming the military without authorisation, an official said Tuesday.

A Niger Delta military spokesmann, Lt. Col. Sagir Musa, said the military handed the American to state security operatives for questioning after arresting him for filming troops at the waterfront in the southern oil center of Port Harcourt.

[Reports: Russia, Uzbekistan to build gas pipeline](#)

Russia and Uzbekistan plan to build a new natural gas pipeline across Uzbekistan, strengthening Russia's bid to establish control over Central Asian gas exports to the West.

[China to charge \\$6 a barrel to develop Iraq field](#)

BAGHDAD (AFP) - Iraq on Tuesday cleared a plan to develop an oil field by China Petroleum National Corp. at a service fee of six dollars a barrel, giving Beijing a foothold into the world's third largest oil reserves.

[Economic crunch to take bite out of kids' lunch](#)

With food prices rising and packages shrinking, parents are wondering how they'll stretch their food budgets. Children are going to get an unwitting lesson in economics, analysts say, as parents change their food-buying habits to keep costs down.

[Mexico to spend \\$25 bln on fuel subsidies in '08](#)

MEXICO CITY (Reuters) - Mexico's government will spend about \$25 billion (260

billion pesos) this year on gasoline subsidies to blunt the effect of inflation on consumers, President Felipe Calderon said on Monday.

The figure was higher than the \$19 billion (200 billion pesos) that the government previously said it would spend on fuel subsidies, which have gotten more expensive this year on higher oil prices.

The subsidy means Mexicans are paying about \$1 less for a gallon of gasoline than U.S. motorists, and has helped moderate inflation that is running at its highest pace in more than three years.

[ASPO Newsletter - September 2008 \(PDF\)](#)

- 1077. Spain reacts to Peak Oil
- 1078. 33rd International Geological Conference
- 1079. A Fall in Oil Price
- 1080. A Sense of Direction
- 1081. The Golden Zone
- 1082. The Good News
- 1083. ASPO-USA Conference
- 1084. Russia Re-evaluated
- 1085. Estimating Discovery and Reserve Growth

[Mexico oil port reopens after rough weather](#)

MEXICO CITY (Reuters) - The Mexican port of Cayo Arcas on the Gulf of Mexico coast, one of the country's three main oil exporting ports, reopened on Monday after being closed the previous day due to rough weather.

All other Mexican ports including Dos Bocas and Coatzacoalcos, the other two key crude ports in the Mexican Gulf, where Hurricane Gustav blew strong winds and rain into Louisiana, were also open, the communications and transport ministry said on its website

[Gustav Reminds U.S. of Oil Vulnerabilities](#)

Hurricane Gustav's rampage through the Gulf of Mexico was a stark reminder that U.S. oil supplies are vulnerable to major storms, analysts said.

[A Growing Global Power Crisis Looks to be Greater Economic and Political Danger Than Oil](#)

How many stories have you seen about high oil and gasoline prices? Now how many have you seen about global electricity shortages?

Lost in all the attention oil is receiving, reports from around the world indicate that 100 or more countries may be suffering, many acutely, from shortages of electricity. Given who is in trouble, both the economic and the political danger of this growing global power crisis are starting to look greater than oil's.

[India: Penalty fails to curb power overdrawal](#)

New Delhi - Amid a surge in short-term power costs triggered by acute shortages, State Electricity Boards (SEBs) are increasingly opting to overdraw from the grid and shell out the Rs 10 per unit maximum penalty, instead of sourcing power from more expensive liquid fuel stations.

[Tanzania: Cooking gas shortage hits Dar](#)

Dar es salaam residents are experiencing acute shortage of liquified petroleum gas (LPG) used as fuel for domestic cooking, heating, catering and other purposes. A survey by 'Daily News' reveals that the city had been facing the shortage for more than a week, where sales personnel at various retail outlets blame the port for the scarcity.

[14.5 million people need food assistance in Horn of Africa](#)

Nairobi, Kenya - Poor rains in much of the Horn of Africa in the normally wet March-to-May period compounded by high food and fuel prices, mean that 14.5 million people in five countries need food assistance, the World Food Programme (WFP), has warned.

As many people watch their crops and livestock die, the situation is made worse by conflict, animal disease, inflation and poverty.

[Brazil: Deforestation rises sharply as farmers push into Amazon](#)

Concerns over the destruction of the Brazilian rainforest resurfaced at the weekend after it emerged that deforestation jumped by 64% over the last 12 months, according to official government data.

Brazil's National Institute for Space Research this week said that around 3,145 square miles - an area half the size of Wales - were razed between August 2007 and August 2008.

With commodity prices hitting recent highs and loggers and soy farmers pushing ever further into the Amazon jungle, satellite images captured by a real-time monitoring system, known in Brazil as Deter, showed that deforestation was once again on the rise after three years on the wane.

[Alternative Energy for Russia](#)

“Monowai Energy” is the newly established joint company of Russia and New Zealand, which is aimed at adapting renewable energy sources (wind, sun and water) to humanity’s needs.

Company’s founders believe that renewable energy can stop global warming and energy crisis. Experts of “Monowai Energy” estimate economic potential of wind power engineering in Russia to be about 260 billion kWh per year, which is 30% of energy, produced by all existing Russian power stations.

[Louisiana Refiners to Take Days to Resume Full Supply](#)

(Bloomberg) -- Louisiana refineries that shut down before Hurricane Gustav may take up to 10 days to resume operations because of a lack of power, stunting fuel production at a time when regional gasoline inventories are at a 10-month low.

Marathon Oil Corp., Valero Energy Corp. and other refiners that shut plants as Gustav swept through the Gulf of Mexico won't know the extent of any damage until today at best. Exxon Mobil Corp. shut its Baton Rouge plant, the second-largest U.S. refinery, after winds snapped power lines.

[Gulf Oil Industry Seems Unscathed](#)

Natural gas prices fell nearly 6 percent, to \$7.48 per million British thermal units. AAA reported that the average national price for unleaded gasoline of \$3.69 held steady on Monday despite the storm threat, holiday weekend driving and the giant evacuation in the Gulf Coast.

“It’s very striking to see that the market made up its mind about the extent of damage before anyone else,” said Daniel Yergin, an energy historian and chairman of Cambridge Energy Research Associates, a consulting firm. Despite the outbreak of hostilities in Georgia and an active hurricane season, he added, “the focus is on the weak economy, weak demand and the impact of the stronger dollar.”

[Saudi Arabia seen upping heavy crude, cutting light grades](#)

SAUDI ARABIA. Lifters of Saudi crude expect the world's top oil exporter to raise prices of its heavy crude on the back of strong fuel oil prices, and to trim the price of its lighter grades as Asian refiners cut runs.

But lifters polled agreed on the direction, not the size of the moves. Refiners said this was a tough month to predict, as product prices have started diverging with the fuel oil crack rising strongly while the gas oil crack has plunged.

[Saudi Aramco cuts LPG prices for September as crude oil falls](#)

SINGAPORE (Bloomberg) -- Saudi Aramco, the largest supplier of liquefied petroleum gas to Asia, cut prices of cargoes loading in September from August after global crude oil benchmarks fell.

[Sri Lanka: Gas prices to decline in November](#)

Gas prices are expected to be slashed in the world market in both August and September and this relief will be provided to consumers in November when the gas price formula is formulated, Trade, Marketing Development, Co-operatives and Consumer Affairs Minister Bandula Gunawardhana said.

[Iraqi cabinet approves \\$3 bln oil deal with China](#)

BAGHDAD (Reuters) - Iraq's cabinet has approved a \$3 billion oil service contract with China, the government of Prime Minister Nuri al-Maliki said on Tuesday, in a move that could signal the shape of anticipated future oil deals.

[Clare Short: A foreign policy that makes little sense at all](#)

The conflict between Russia and Georgia may seem far from Birmingham's concerns., but as the price of petrol and gas is straining most people's budgets, we should stop and think of what it means to pick a fight with Russia.

[Technological Fundamentalism In Media And Culture](#)

While media watchdogs and bloggers probe contemporary news media for signs of bias - from every angle, on virtually every issue -- perhaps the most important of journalists' biases is ignored: their routine acceptance of society's technological fundamentalism. This devotion to the industrial world's core delusion shows up not just in stories about science and technology but in the assumptions about science and technology that underlie virtually all reporting in the corporate commercial news media in the United States.

[Hurricanes, floods show risks of climate change: UN](#)

OSLO (Reuters) - Atlantic hurricanes and floods in India are reminders of the risks of ever more extreme weather linked to a changing climate, the head of the United Nations Environment Programme (UNEP) said on Monday.

Achim Steiner said that more damaging weather extremes were in line with forecasts by the U.N. Climate Panel. He urged governments to stick to a timetable meant to end in December 2009 with a new U.N. pact to fight global warming.

"These natural disasters do reflect a pattern of change that is in line with projections" by experts on the Intergovernmental Panel on Climate Change (IPCC), he told Reuters in a telephone interview from Geneva.

[On first scan, little oil damage seen from Gustav](#)

HOUSTON (Reuters) - Several major U.S. refiners said early checks on Monday showed their facilities were unharmed by Hurricane Gustav, but at least two others were said to be considering dipping into the U.S. Strategic Petroleum Reserve to keep operations going after the storm shut down key waterways.

Gustav weakened to Category 2 before roaring ashore near Port Fourchon, Louisiana, on Monday, potentially sparing the kind of damage that the region's platforms, rigs and refineries suffered at the hands of more powerful Katrina three years ago.

Offshore operators said remote sensors indicated that major platforms remained where they were moored before the storm, although Shell, the region's largest producer, said it may take three to five days to restore production.

[Oil falls as global demand concerns resurface](#)

Oil prices tumbled nearly \$7 on Tuesday from last week's close ahead of the U.S. Labor Day weekend as investors shifted their focus to slowing global demand after fears subsided about Hurricane Gustav's impact on Gulf Coast oil rigs and refineries.

[Iran wants excess supply on OPEC agenda](#)

TEHRAN (AFP) - Iran on Tuesday called for the Organisation of Petroleum Exporting Countries to discuss quota-busting by some members at its meeting in Vienna on September 9.

"The oil supply should be proportionate to demand, and control of excess supply is an issue which should be addressed at the upcoming OPEC meeting," Oil Minister Gholam Hossein Nozari told the official IRNA news agency.

[Shell says some progress fixing Nigeria oil pipeline](#)

LONDON (Reuters) - Repairs to a damaged oil pipeline in Nigeria have made some progress but production is still lower than normal, Royal Dutch Shell said on Tuesday.

Shell's Nembe Creek trunkline, located at Kula in Rivers State in the Niger Delta, was sabotaged in late July.

[Russian Oil Output Fell in August, Continuing Decline](#)

(Bloomberg) -- Russia's oil production declined in August as companies struggled with costs and maturing fields, bringing the world's second-largest crude exporter closer to its first annual drop in output since 1998.

... ``We probably won't get more oil produced this year than last year," Artyom Konchin, an oil and gas analyst at UniCredit SpA, said by phone in Moscow. ``By the end of the year, however, we should see a gain in the daily output rate because of new projects."

[Putin reminds EU of Russia's Pacific oil pipeline](#)

MOSCOW (Reuters) - Prime Minister Vladimir Putin said on Sunday that Russia's first oil pipeline to Asia must be completed without delay, underlining Russia's energy clout just hours before European Union leaders meet to discuss Georgia.

[Gas prices fuel interest in alternatives](#)

This could be a critical moment, not only to observe whether the trend toward shorter and fewer car trips continues, but also to watch whether Americans demand better transit options from their government and whether investors continue to show interest in alternative fuels.

[Oil drop to help U.S. transport only in short-term](#)

CHICAGO (Reuters) - A recent dip in oil prices should boost U.S. transport companies' earnings for the current quarter, but oil is still too pricey to offer the sector any long-term relief from the many economic headaches it faces.

Transport firms will get a short-term lift as the fuel surcharges they implemented to cope with higher oil prices finally begin to bite, while at the same time actual fuel prices fall.

But a wobbly U.S. economy and the pounding U.S. consumers have taken from tighter

credit and rising inflation mean transport companies -- trucking companies above all -- are likely to see little more than a short-term earnings bounce.

[Bartiromo Talks with Sarah Palin](#)

Some people might say: "Look, even though opening up ANWR has been a symbolic issue for Republicans, the oil there may only have a marginal effect on reducing overseas dependence. Why is ANWR so important and how do we know that there's actually enough oil there to really make a difference?"

Because just that swath of land in that refuge alone is estimated to hold about 11 billion barrels of oil and 9 trillion cubic feet of natural gas. And those are just the areas that have been explored. That's about a year and a half worth of U.S. oil consumption and many months of natural gas. It's about a trillion dollars worth of energy. And that's --again--just that sliver of ANWR. So when we hear, "Well, maybe there isn't enough," or "Well, it's too late to drill now anyway, we should have done this five, 10 years ago," hey, I can't argue that. I say yeah, we should have done that years ago. But better to start that drilling today than wait and continue relying on foreign sources of energy. We are a nation at war and in many [ways] the reasons for war are fights over energy sources, which is nonsensical when you consider that domestically we have the supplies ready to go.

[Alternative energy source found in Southwest Utah](#)

A company is claiming it has found the nation's biggest geo-thermal find in 25 years in southwest Utah.

This weekend they're already finishing up a power plant to provide electricity for Mickey Mouse's home town.

"We call them 'heat farms' because we're just extracting heat out of the earth," says Michael Hayter of Raser Technologies.

[Glaciers need closer watch in poor countries: UNEP](#)

GENEVA (Reuters) - Scientists are not paying enough attention to glacial melting in the Andes, the Himalayas and peaks in other developing countries, a United Nations-backed report found on Monday.

Experts from the U.N. Environment Programme (UNEP) and the World Glacier Monitoring Service (WGMS) said while there has been excellent monitoring of glacial trends in Europe and North America, ice fields in Central Asia and the tropics have been largely overlooked.

[Adaptation: The Ultimate Challenge](#)

Mankind has met adaptation challenges before. What makes climate change different?

Adapting to climate change is not something new; we have been doing it as society for thousands of years. People and species have always adapted to changing climates. What is different is the speed and the scale of the changes we are facing.

In the last 300 or 400 years, we have built our society and economies on an assumed stable environment. If you look at houses built near a river, you see that they are all built in what people considered to be a fairly safe place, a few meters above the water, the highest tide, etc. But that is now changing, and so the baseline for our society changes.

[Climate 'hockey stick' is revived](#)

A new study by climate scientists behind the controversial 1998 "hockey stick" graph suggests their earlier analysis was broadly correct.

Michael Mann's team analysed data for the last 2,000 years, and concluded that Northern Hemisphere temperatures now are "anomalously warm".

Different analytical methods give the same result, they report in Proceedings of the National Academy of Sciences.



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