



Drumbeat: November 2, 2009

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Topic: [Miscellaneous](#)

[Conference urged to look towards business in a world without oil](#)

BRITAIN'S manufacturing and transport sectors will become obsolete unless we find an alternative to oil, a major conference was told in Yorkshire.

Some of Yorkshire's leading designers and environmentalists attended Sheffield in a post-oil world which analysed how Britain might look in 2059.

The 120 participants were asked to consider how they would survive without oil and plastic.

Why that would make a difference takes some explaining, but it boils down to a decision to link Saudi crude sales to a market that the state-owned Aramco can influence through the number of tankers it dispatches towards the US coast.

[DME approves Saudi crude price marker move](#)

The Dubai Mercantile Exchange (DME) welcomes a move by Saudi Arabia to drop a US light sweet crude oil benchmark as the basis for pricing its sales into the US, the DME said in statement on Monday.

[Arabian oil vs Argus Index](#)

The Saudi's priced their crude relative to Alaska North Slope (ANS) crude because it and theirs were so similar in quality. When ANS was kept on the West coast and no longer was brought to the Gulf of Mexico, the Saudis lost this as a "marker" and turned to WTI as the next closest pricing mechanism, relying upon "basis" spreads against the WTI futures to price their crude production.

As Dr. Verleger notes Saudi Arabia is changing its reference because new fields and spot markets with sufficient liquidity have developed. The shift in Arabia would no doubt do the same in Europe if a sour benchmark were available.

[Gulf has clear route to gains on Silk Road](#)

China and the Gulf states are natural allies. One needs oil, while the other has plenty of it. Not surprisingly, China-GCC economic and political ties have strengthened dramatically in the past decade. Yet the much acclaimed new Silk Road has run into major roadblocks: its investment ties are struggling.

[Saudi Nov gasoline imports down 34 pct from Oct - trade](#)

DUBAI - Saudi Arabia, the world's top oil exporter, was expected to import around 17,038 barrels per day (bpd) of gasoline in November, down 34 percent from the previous month, traders said on Monday.

The kingdom shelved a plan to export some of its gasoline due to sluggish global demand and low international prices, traders said.

[Saudi ups Dec light crude prices to US, Asia](#)

TOKYO (Reuters) - Top oil exporter Saudi Aramco said it has raised the official selling price for its benchmark Saudi Light crude oil to U.S. clients in December by 85 cents a barrel to a discount of \$3.75 below U.S. light crude WTI, its state oil company said on Sunday.

Saudi Aramco also raised the price of Arab Light to customers in Asia by 35 cents to the Oman/Dubai average plus \$0.50 a barrel.

[Putin tells EU not to be 'greedy'](#)

Russian Prime Minister Vladimir Putin today called on the EU to lend Ukraine "at least a billion" to help avoid a new gas pricing spat with Russia and supply disruptions to Europe.

[For Your Perusal: The Glory of Free Market Oil Supply](#)

Free Market Oil has dropped by over 2 mbpd (million barrels per day) since December of 2003. If your professor or your local economist or perhaps national newspaper is still pounding the table that supply always makes a response to price – even in natural resources – you might want to send them a link to this chart.

[Commentary: Oil & Money Conference—What the CEOs and VPs are Saying](#)

On October 20-21, the 30th Oil & Money Conference, convened in London by Energy Intelligence and the International Herald Tribune, attracted roughly 500 attendees, many from the industry press (most of them working for the conveners). Held under tight security at the opulent Intercontinental Hotel, a half-dozen oil ministers past and present plus two dozen CEOs and VPs of oil producing, service companies and other industry players shared their views.

No statements were as ground-breaking as the O&M conference two years ago, when the Wall Street Journal and others covered stark warnings by Total's CEO Christophe de Margerie, Libya's oil minister Shokri Ghanem and former Saudi Aramco VP Sadad al Hussein that world oil production was going to undershoot demand in the foreseeable future. But all three were present again, and all three echoed their previously-stated concerns, especially in light of the late-2008/2009 downturn in investment by a growing number of players outside of the super-major investor-owned oil companies. In fact, the majority opinion was a warning about the looming impacts of climate change decisions and project investments on prices and supplies over the next few years. A few comments from key presenters:

[The Squeeze: Oil, Money and Greed in the 21st Century](#) (book review)

The Squeeze begins with a bang: the sound of Tom Bower blowing a hole in his own credibility. In only the second paragraph of the preface, he suggests a shaky grasp of the workings of oil markets and of Opec, the producers' cartel, and fails dismally in an attempt to get inside the head of Ali Naimi, Saudi Arabia's veteran oil minister.

It is a testament to Bower's journalistic skills, and to the great story he has to tell, that he manages to steady the ship after torpedoing it so early in the journey. For the most part, *The Squeeze* is a gripping and convincing account of the turbulent story of the global oil industry over the past decade.

Daniel Yergin's dazzling book *The Prize* remains the definitive history of oil in the 20th century. But while the world waits for Yergin to pen a sequel, Bower has stepped in smartly to fill the gap.

[Transition: Meeting the Challenge of Energy Descent](#)

It's become axiomatic that, like it or not, we will be facing a future with ever less energy. But what does this "Energy Descent" mean, exactly? And how do we prepare?

[Kurt Cobb: The peace movement and the cornucopian view](#)

As such, those operating under this view assume that the natural resources required to attain the needed growth will continue to be available in the quantities required at prices that will make such equality possible. In other words, the seemingly politically impossible task of redistributing wealth will be sidestepped in favor of redistributing

current income from future growth. This constitutes a wholehearted embrace of a cornucopian future; it recognizes no limits to growth that are implied by climate change, world peak oil production, and the rapid depletion of other resources including metal ores, water, soil and fish. And, if any of these limits are acknowledged, the resulting problems are assigned to the "technology will save us" category.

[Zambia: Brace for Low Crop Yield, Warns Farmers Union](#)

ZAMBIA should brace for a low crop yield next year unless the shortage of fuel being experienced in various parts of the country is reversed soon, Zambia National Farmers Union (ZNFU) president Jarvis Zimba has said.

[Exxon Mobil to Pay \\$231 Million for Oil-Sands Stakes](#)

(Bloomberg) -- Exxon Mobil Corp., the world's biggest oil company, agreed to pay C\$250 million (\$231 million) for UTS Energy Corp.'s stakes in three oil-sands prospects in western Canada.

UTS expects after-tax proceeds for its 50 percent stakes in the leases east of Alberta's Firebag River to be about C\$200 million, the Calgary-based company said today in a statement. Vancouver-based Teck Resources Ltd. owns the other 50 percent of the Alberta leases, which cover a combined area equal to half the size of Sacramento, California.

[A shorter trip from field to fork](#)

When a trend moves from the small, passionate originators to the masses, usually the hipsters move on. But that's not the case when food is involved.

The influences of books, movies and media on buying local produce is showing up in strong numbers in sales of fruit, vegetables, meat and organics. Despite the recession, more people want to know where their food came from and what's been done to it.

[Conference urged to look towards business in a world without oil](#)

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[The Facts about the Peak Oil Theory](#): *Consumers, not unproven theories, should drive the ultimate decisions on what fuels they want and will accept*

Peak Oil theorists usually neglect to mention that the Peak Oil theory is just that — a theory. It is based on a belief the world has reached the point of maximum production of crude oil, and is used to predict painful and disruptive catastrophes as the world adjusts to the alleged decline of this critical source of energy.

Unfortunately, arguing about Peak Oil is like arguing about how many angels can dance on the head of a pin. It's a theory that cannot be proved. Worse, those individuals who embrace the Peak Oil theory frequently also promote energy policies that can have costly and disruptive impacts on consumers and businesses.

[An oil bubble](#)

Following on last week's topic, some have suggested that maybe, like the housing bubble in the US, the spike in oil prices and their subsequent collapse could have been an oil price bubble that also pulled up the prices of natural gas.

[Crunch time for oil debate](#)

A CONFERENCE on the "oil crunch" is to be held at Edinburgh University tomorrow.

Speakers at transport campaign group Transform Scotland's event include Jeremy Leggett, a former oil geologist and ex-chief scientist for Greenpeace, and Steven Stewart, director of corporate communications at Stagecoach Group.

[Oil Rises From a Two-Week Low as China's Manufacturing Expands](#)

(Bloomberg) -- Crude rose from a two-week low after manufacturing in China, the world's second-biggest oil user, expanded at the fastest pace in 18 months.

[Retail gas prices highest in a year; up 17 straight days](#)

Retail gasoline prices chugged higher Friday to a new peak for the year, forcing consumers to dig deeper into already-thin wallets to pay for fuel.

At the same time, natural gas prices also were moving up again and have now climbed 16% in the past two months — just in time for furnace season to kick in.

The worst part: Supplies of oil and gas are plentiful. In fact, storage points for gas are so jammed, producers are running out of places to put it and crude supplies are well above average levels.

[Russia's October Oil Output Rises on New Field Output](#)

(Bloomberg) -- Crude output in Russia, the world's largest oil producer, grew 1.8 percent from a year earlier in October after OAO Rosneft began output at a field in northern Siberia.

October output remained flat against September at 42.47 million metric tons, or 10.04 million barrels a day, a post- Soviet high, the Energy Ministry's CDU TEK unit said in an e- mailed statement today.

Total crude exports rose 0.5 percent in October from a year earlier to 5.4 million barrels a day. Exports fell 2.1 percent from September levels.

[OPEC Output Increased in October, Bloomberg News Survey Shows](#)

(Bloomberg) -- The Organization of Petroleum Exporting Countries raised crude-oil production last month to the highest level in 10 months as members took advantage of higher prices, a Bloomberg News survey showed.

Output averaged 28.76 million barrels a day in October, up 80,000 barrels from September, according to the survey of oil companies, producers and analysts. The entire gain came from the 11 OPEC members with quotas, all except Iraq. The 11 countries pumped 26.31 million barrels a day, 1.465 million barrels above their target. Iraqi output was unchanged.

[Colorado county copes with methane mystery](#)

WALSENBURG, Colo. — Bernice and Jerry Angely like to show visitors the singed T-shirt a friend was wearing when their water well exploded and shot flames 30 feet high.

The friend wasn't hurt. But that and an explosion at another home weeks earlier forced Colorado to suspend natural gas drilling around this southern plains town until someone could find out why dangerous levels of methane were getting into the groundwater.

Two years later, Walsenburg and surrounding Huerfano County are still waiting, its residents caught in a collision between two of the West's vital resources: Water and natural gas.

[Shale gas numbers may not add up](#)

From one end of the known world to the other, which is to say from Boston to Washington and some points in between, there is a consensus among the well informed that one part of a national energy plan is in place. Thanks to the discovery and mapping of huge reserves of gas in shale formations, we have an alternative to dirty old coal, and, possibly, imported oil for transport fuel. A 40 per cent increase in the country's gas reserves! You can thank advanced American technology for that.

Well, you can thank advanced American something, but along with the technology you can also thank the advanced American ability to extract money from investors. The key element of this national characteristic is the willingness to listen carefully to determine what people with money want to hear, and then tell them that. Again and again.

[Do Saudis have the clout to destroy NYMEX?](#)

For Saudi Arabia, it is a philosophical issue that the black gold pouring out of its deserts should be treated as a tangible, physical commodity – not the paper plaything of traders on Wall Street hedging against the weak dollar. This thinking is at the heart of the Middle Eastern country's decision last week to abandon its long alliance with West Texas Intermediate crude – the famous oil used by most global producers to price their exports to the US.

It is both a technical issue and a symbolic shift that strikes a blow to the dominance of the New York Mercantile Exchange, the world's biggest centre of oil trading where the most popular products relate to WTI crude.

[Time for UAE to rethink dollar peg](#)

Dubai: The UAE should consider a fresh monetary policy, reducing its link with the US currency that has been declining in value.

As a result, the UAE and other Gulf currencies that are pegged to the dollar are losing value.

[Kirkuk dispute may delay Iraq elections](#)

BAGHDAD - Iraqi politicians are dueling with new hostility over the fate of Kirkuk, the oil-rich city that both self-ruled Kurds in the north and Iraq's central government want to control.

The dispute has caused a deadlock over an election law, threatening to delay Iraq's nationwide parliamentary elections set for mid-January. Any vote setback could, in turn, disrupt American plans to withdraw troops from Iraq, scheduled to increase after

the vote.

[Nuclear renaissance -- not dead yet](#)

NEW YORK (CNNMoney.com) -- Whatever happened to all those new nuclear power plants the country was supposed to build?

Last year, with energy prices soaring and global warming making headlines, talk of a so-called "nuclear renaissance" was rampant. Energy experts, utility heads, even presidential candidates called for the construction of dozens of new plants. Billions were going to be spent. Investing magazines ran stories on how to get in on the action.

Then the credit crisis struck, energy prices collapsed, and the Democrats won the White House. Nuclear renaissance seemed all but dead.

But it's not dead, it's just on life support. As the greenhouse gas bill moves through Congress, billions more in taxpayer money could soon be deployed to resuscitate the movement.

[Suzlon sees delays hitting orders](#)

NEW YORK (Reuters) – Delays in sealing new orders forced Indian wind power company Suzlon Energy Ltd to cut its sales forecast, but the company will still see full-year profits near last year's level, an executive said on Saturday.

The wind power industry has grown rapidly over the past decade, but the financial crisis that hit many of the world's biggest banks has choked off financing for many new clean energy projects over the past year.

[Giants' Danny Clark Chose to Go Green With a Smart Car](#)

EAST RUTHERFORD, N.J. — Danny Clark of the Giants says he gets a lot of long looks from curious motorists when he drives his Smart car between Manhattan and the team's practice complex in New Jersey.

But the glances turn to stares and smiles when he parks his 1,600-pound vehicle and his 6-foot-2, 245-pound body emerges from behind the wheel.

"That's when the real mystery comes about," Clark said. "They say, 'How does this big guy get out of such a small car?' Other drivers are quite surprised. They can't believe it."

[Toyota's new hires headed for plants](#)

NAGOYA (Kyodo) In an unusual move, Toyota Motor Corp. plans to start using all of the 900 or so college graduates who joined the automaker this spring as factory workers in January to boost production of fuel-efficient vehicles, company officials said.

...College graduates usually start their careers at Toyota as white-collar workers or engineers. But Toyota opted to use them over temporary workers because it is not sure how long popular demand for its Prius hybrid and other fuel-efficient cars will continue.

[China's Rare Earth Metal Supply](#) - *China's Hold on Rare Earth Metals Threatens Toyota*

When the news broke in Tokyo, it was said that the "Head Freds" at Toyota and Honda literally fell out of their chairs in shock.

According to a UK *Times* report from March 2009, "[It] has triggered what government sources in Tokyo told *The Times* was an invisible tsunami of panic in Japanese industry."

Oddly enough, the same event happened five months earlier — in November 2007 — with the same result.

[Europe metals producers warn of relocation](#)

MADRID (Reuters) - European non-ferrous metals producers may move to countries where environmental legislation is less strict unless the impact of forthcoming measures is reduced, an industry spokesman said on Thursday.

Javier Targhetta, president of Eurometaux, said the industry was concerned over high and unpredictable power costs, the added cost of a new emissions trading scheme (ETS) in 2013 and a new registry of chemicals, amongst other issues.

[San Fran's latest battle royale: parking meters](#)

In San Francisco, where the SFMTA unveiled a 37-page study on extending parking meters on Oct. 20, the battle lines are being drawn.

On the nay side are small-business owners, residents who live in commercial areas, the anti-war group A.N.S.W.E.R. (for Act Now to Stop War and End Racism), the parking control officers union and Mayor Gavin Newsom.

On the aye side are environmental activists and members of the Board of Supervisors, as well as residents, who argue that San Francisco can never have a first-class public transit system if it continues to raise fares and cut service while cars get a free pass, at

least at night.

[Evolver Long Beach hosts “counter screening” to 2012 movie](#)

Two days before the release of director Roland Emmerich’s 2012 disaster epic, 28 cities around the globe will host “counter-screenings” to discuss the *positive transformations postulated for the Mayan Calendar’s end date* on December 21, 2012.

[Coal mines, power plant give Navajos income, controversy](#)

WINDOW ROCK - A green controversy fueled by coal-fired power plants is raging on America's largest Indian reservation.

On one side is Joe Shirley Jr., president of the Navajo Nation, who rejects the notion of climate change even though he recently won an international award for environmentalism. On the other are environmentalists opposed to power plants in Indian Country and to the coal mines that provide their fuel. Caught in the middle are tribal members concerned with economic survival and the protection of sacred lands.

The dispute centers on fundamental questions of religion and heritage, as well as tribal finances.

[Deforestation sped demise of Nasca in Peru: study](#)

BARCELONA, Spain (Reuters) – The mysterious people who etched the "Nasca Lines" across deserts in Peru hastened their own demise by clearing forests 1,500 years ago, according to a study on Monday.

The Nasca people, famed for the lines that depict animals or geometric shapes most clearly visible from the air, became unable to grow enough food in nearby valleys because the lack of trees made the climate too dry, scientists said.

[Dwindling water supplies can be helped by oil experts](#)

“In the northern half of Oregon from Pendleton to the Willamette Valley, an aquifer that took 20,000 years to fill is going down fast,” Jarvis said. “Some places near Hermiston have seen water levels drop as much as 500 feet in the past 50-60 years, one of the largest and fastest declines in the world.

“I know of a well in Utah that lost its original capacity after a couple years,” he said. “In Idaho people drawing groundwater are being ordered to work with other holders of stream water rights as the streams begin to dwindle. Mississippi has filed a \$1-billion

lawsuit against the City of Memphis because of declining groundwater. You're seeing land subsiding from Houston to the Imperial Valley of California. This issue is real and getting worse."

In the process, Jarvis said, underground aquifers can be irrevocably damaged – not unlike what happened to oil reservoirs when that industry pumped them too rapidly. Tiny fractures in rock that can store water sometimes collapse when it's rapidly withdrawn, and then even if the aquifer had water to recharge it, there's no place for it to go.

[Beijing's first snow of season 'artificially induced'](#)

BEIJING — Chinese meteorologists covered Beijing in snow Sunday after seeding clouds to bring winter weather to the capital in an effort to combat a lingering drought, state media reported.

[Europe probe tracks global warming impact on water](#)

PARIS (AFP) – The European Space Agency on Monday launched a water tracking satellite that will help give faster predictions of floods and other extreme weather incidents caused by global warming.

The 315 million euro (460 million dollar) Soil Moisture and Ocean Salinity (SMOS) was carried into space on a Russian Rockot launcher from the Plesetsk cosmodrome in northern Russia.

[Japan aims to bury greenhouse gas emissions](#)

OMUTA, Japan (AFP) – Swathes of dirty clouds brood over a coal plant in rural Japan, but scientists are now hoping to send the pollutants the other way, deep into the bowels of Mother Earth.

The cutting-edge but controversial technology of carbon capture and storage (CCS) is being tested at the Mikawa power station, located near the coast of Japan's southern Fukuoka prefecture.

[Climate Envoys May Want Chinese Actions, Not Results, Binding](#)

(Bloomberg) -- United Nations climate negotiators meeting this week in Barcelona will debate how far they can push developing nations such as China and India to restrict greenhouse-gas emissions blamed for global warming.

While the UN will ask industrialized countries to accept binding targets on their gas discharges, poorer nations may be urged only to adopt measures to limit emissions growth, such as building wind-energy farms.

[UN climate chief: Deal must be legally enforceable](#)

BARCELONA, Spain – Developing countries don't trust wealthy nations' promises that they will help them meet the challenges of climate change, the U.N.'s top climate official said Monday, adding that means any new global warming deal must have legal force.

[Climate change can kill 'a quarter of million kids' next year](#)

LONDON: A quarter of a million kids might lose their lives next year due to adverse effects of climate change, warns a charity.

Save the Children insists that figure could rise to more than 400,000 by 2030.

Its report 'Feeling the Heat' claims that climate change is the biggest global health threat to children in the 21st century.

[The forecast: Warmer, with a chance of survival](#)

Tim Flannery believes the biggest challenge of the 21st century is to create sustainability for the human race. That's par for an environmentalist, and the consensus of a majority of scientists. But the quest is no small task given the resistance and denial in many circles, including among power players in the realms of politics and business.

Yet Flannery, the world-renowned conservationist and scientist, seems oddly optimistic about that challenge. The acclaimed author of *The Weather Makers* knows well that time is running out. But he believes we will take the steps necessary to save the planet – if not for altruistic reasons then maybe for economic ones – and ultimately create a new kind of society.



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