



DrumBeat: May 22, 2008

Posted by [Gail the Actuary](#) on May 22, 2008 - 9:08am

Topic: [Miscellaneous](#)

Now for some wise words from the readers of The Oil Drum...

[Energy Watchdog Warns Of Oil-Production Crunch](#)

The world's premier energy monitor is preparing a sharp downward revision of its oil-supply forecast, a shift that reflects deepening pessimism over whether oil companies can keep abreast of booming demand. The Paris-based International Energy Agency is in the middle of its first attempt to comprehensively assess the condition of the world's top 400 oil fields. Its findings won't be released until November, but the bottom line is already clear: Future crude supplies could be far tighter than previously thought.

[Oil surpasses \\$135 on new supply concerns](#)

Oil prices rose above \$135 a barrel for the first time Thursday, with supply worries, global demand and an ever weakening U.S. dollar driving crude futures up. The world's top energy watchdog is preparing a sharp downward revision of its oil-supply forecast, according to a report in The Wall Street Journal.

[TOD:Canada News Round-Up 22 MAY](#)

[Petrobras Reports New Oil Accumulation Discovered in the Santos Basin Pre-Salt Layer](#)

Petrobras announces that the consortium formed by Petrobras (66% - block BM-S-8 operator), with the participation of Shell (20%), and Galp Energia (14%) in ultra-deep Santos Basin waters, has proved the presence of oil in pre-salt reservoirs via well 1-BRSA-532A-SPS (1-SPS-52A). Preliminary analyses indicate oil gravity is between 25 and 28 °API, comparable to that of the other pre-salt oils found in the Santos Basin.

[Ford cutting North American production, High gasoline prices, weak economy cited](#)

Ford Motor is cutting N. American production for rest of year due to gas prices, weak economy.

[Crisis for US airlines as oil prices defy gravity](#)

Fuel costs are the biggest catalyst in the latest flurry of consolidations in the US airlines industry, analysts say, and may bring about more trouble as with the exception of a few, none of the airlines has prepared for today's cost environment.

[Qatar's Attiyah says oil fundamentals in balance; no OPEC meeting](#)

Qatari oil minister Abdullah al-Attiyah was quoted Thursday as ruling out the need for OPEC to hold an extraordinary meeting, saying that oil supply and demand fundamentals were in balance and demand for crude was expected to fall. Attiyah, in an interview with Saudi-owned newspaper al-Hayat in Doha, said he was surprised by the sharp rise in oil prices, which Thursday topped \$135/b for US light sweet crude oil futures.

[Oil Rises Above \\$135 on Concern OPEC Is Powerless to Halt Rally](#)

May 22 (Bloomberg) -- Crude oil rose to a record above \$135 a barrel as OPEC ministers said they could do nothing to stop a rally that may be heading to \$200 a barrel.

Oil has risen 19 percent this month as analysts increased their price forecasts because of supply constraints and demand growth. OPEC has "no magic solution" to the surge, Qatar's oil minister said. Prices are "out of the hands" of the organization, according to Libya's top oil official.

[Feds: Much of oil, gas under lands off limits](#)

A new report from the Bush administration says most of the oil and more than 40 percent of the natural gas beneath public lands in the United States are off limits to drilling.

Opening those reserves would give energy companies access to an estimated 19 billion barrels of oil and 95 trillion cubic feet of natural gas, administration officials said Wednesday. That would require Congress to roll back environmental safeguards and lift drilling prohibitions on vast areas -- from Florida to Alaska and across the Rocky Mountain West.

[Why Dems and Republicans Are Afraid of Two Words: Peak Oil](#)

Since 1956, the world economy has proceeded under a sort of oil company spell that has woven the illusion all around us that oil depletion is so far into the future that we don't need to worry about it. That belief was essential to support the aim of an endlessly growing economy. There have been a few hitches in that strategy.

Peak oil has very little to do with actual oil reserves. Let's assume that the world has 100 years of oil reserves; hell for argument's sake, let's just bump that figure up to 2,000 year's supply of oil reserves. So with 2,000 years of oil left, how does the peak oil theory stand up? Actually, very well. One needs to understand economics and infrastructure.

Peak oil has nothing to do with reserves, but instead with the rate of extraction, distribution, and refinement.

[Airlines cut use of regional jets as fuel costs soar](#)

Parking 50-seat and smaller RJs will mean less service for many of the smaller cities where they are the primary or only vehicles of commercial air transport. Carriers have begun the gradual process of shaving markets back from five to seven flights a day to four or five, or even fewer.

[IEA Plans to Lower Oil Supply Forecast in Next Annual Report](#) (Bloomberg)

he IEA will present a "more realistic supply potential" estimate following criticism previous forecasts have been "optimistic," IEA head Nobuo Tanaka said in a television interview today. He didn't give specific figures.

Speculation the future supply can't meet demand helped push oil prices to a record \$135.09 a barrel in New York today. The IEA will include the oil field study in the next edition of its annual World Energy Outlook, published Nov. 12. Last year, the agency estimated supply in 2030 at 116 million barrels a day.

[POLL-Non-OPEC oil output growth slows to a trickle](#)

"Non-OPEC production will continue to struggle to grow in the next few years, and the growth in non-conventional fuels, which account for almost 90 percent of our estimated non-OPEC supply this year, is not going to help," said Giovanni Serio, energy analyst at Goldman Sachs.

<http://www.news-press.com/apps/pbcs.dll/article?AID=/20080522/OPINION/805220325/1015>">Sen. Bill Nelson: It's a delusion to think drilling will help ease current oil crisis

Against this backdrop I want to make clear that any oil still deep in the ground has no direct link - none - to today's pump prices. Any oil in the ground won't be in the marketplace for some ten years. Further, the oil companies that want to drill much closer to our shores already have leases on 33 million other acres where they haven't even started drilling yet.

More importantly - no matter what anybody says or writes - the U.S. has only 3 percent of the world's oil reserves while it uses 25 percent of the global supply.

[Price of petrol to stay high for 8 years](#)

Kevin Norrish, a commodities analyst at Barclays Capital, said: "I've never witnessed anything like it before. The only thing that seems instantly comparable is the first Gulf war in 1991 when prices fell sharply after the US invasion; this move is on a par with that, but in the opposite direction.

"Our long-term forecast had been for oil to rise to \$137 a barrel but we didn't expect it to get there quite so soon."

[Garages use 'stingers' to combat petrol theft](#)

The new Drivestop device has a sensor which detects when a driver is pulling away without paying. The cashier triggers the system which starts with a loudspeaker announcement warning the would-be thief that his tyres will be shredded.

If the warning is ignored a set of metal spikes spring up and punctures the rear wheels, deflating them in ten seconds.

[Economic Toll Mounts From High Oil Prices](#)

The Ford Motor Company, the American auto manufacturer, said on Thursday it would cut vehicle production for the rest of this year and fall short of reaching profitability in 2009, a long-held company goal. In a statement, a top Ford executive said rising gasoline prices "are having a tremendous impact on our sales, our manufacturing operations and our profitability."

Meanwhile, Europe's biggest airline, Air France-KLM, warned of a profound reshaping of the world airline industry caused by what it called the "explosion" in the price of oil. And American Airlines said on Wednesday that it would slash flights and begin charging passengers to check bags, part of a company effort to cut costs in the face of skyrocketing fuel prices.

[Oil Pulls Back After Topping Record \\$135](#)

Oil prices pulled back from a record \$135 a barrel on Thursday as dealers took profits from a dazzling rally as a recovering U.S. dollar dampened all commodities markets. U.S. crude dipped 95 cents to \$132.22 a barrel by 1550 GMT after jumping earlier in the session to a record \$135.09. London Brent crude eased 69 cents to \$132.01 a barrel after touching a peak of \$135.14.

[Skyrocketing Oil Prices Stump Experts](#)

Whatever the causes, one of the most dizzying runs in the history of oil prices picked up pace yesterday -- again -- as crude oil prices jumped to settle at more than \$133 a barrel, up \$4.19 in one day, 18 percent so far this month and more than one-third so far this year. Prices climbed even higher in late electronic trading. The nationwide average price for a gallon of regular gasoline yesterday also set another record at \$3.81 a gallon, up a penny a day for the past month, the auto club AAA reported.

[Big companies rue loss of 'easy oil'](#)

Costs more than quadrupled since 2000 as explorers targeted more challenging reservoirs and demand rose for labour and material. New supply from outside Opec nations will meet about 20 per cent of growth in world demand during the next four years, data from the International Energy Agency (IEA) show. The lack of supply has traders betting oil will remain at about US\$120 a barrel for at least eight years, according to futures on the New York Mercantile Exchange. The wagers are buttressed by delays at fields including Kashagan, a Kazakh deposit where the budget has more than doubled to US\$136 billion and the first production is eight years behind schedule.

[China keen to join Iran gas project](#)

China on Thursday said it is interested in joining the Iran-Pakistan-India gas pipeline project if it is feasible. There are some technical questions about whether it would be feasible to extend the 2100 km pipeline to China, and Beijing wants to be clear on this count before making a commitment.

"China is in urgent need of more energy. Of course we will be interested. But it depends on a lot of things," He Yafei, assistant minister of foreign affairs told journalists here on Thursday.



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