



## DrumBeat: January 29, 2007

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Topic: [Miscellaneous](#)

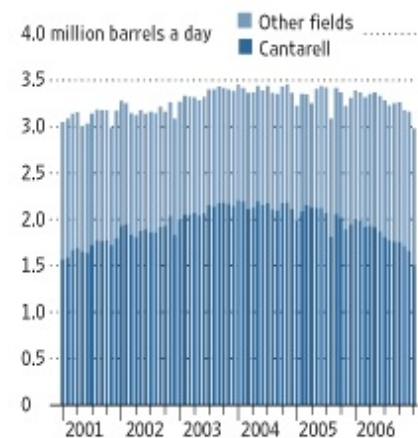
### [Mexico's Oil Output Cools](#)

Daily output at Mexico's biggest oil field tumbled by half a million barrels last year, according to figures released Friday by the Mexican government. The ongoing decline at the Cantarell field could pressure prices on the global oil market, complicate U.S. efforts to diversify its oil imports away from the Middle East, and threaten Mexico's financial stability.

The virtual collapse at Cantarell -- the world's second-biggest oil field in terms of output at the start of last year -- is unfolding much faster than projections from Mexico's state-run oil giant Petroleos Mexicanos, or Pemex. Cantarell's daily output fell to 1.5 million barrels in December compared to 1.99 million barrels in January, according to figures from the Mexican Energy Ministry.

### Plunge in Production

Declining crude-oil output at Mexico's biggest oil field, Cantarell, is further squeezing global supply.



Source: Mexico's Energy Ministry

### [US may become corn importer](#)

The United States could shift from the world's largest exporter of corn to a net importer as its burgeoning ethanol industry continues to expand, but in the meantime sales abroad are poised to rise as farmers boost acreage to cash in on decade-high prices.

...The demand for corn-based ethanol could be so strong that the United States might one day become a net importer of corn, said Jose Rasco, investment strategist at Merrill Lynch.

"If the US becomes a net importer of corn, it could drastically affect the global corn industry," he said. "Our ability to export corn will probably be diminished by the increased demand domestically from the energy side."

### [Energy: Hot topic for America](#)

Gas prices may be lower right now, but most Americans seem to understand that energy is going to be everybody's problem in the long run. So what policies should this nation follow to get us to where we ought to be - a measure of "energy independence," reasonable costs, alternatives to fossil fuels, conservation and efficiency - in the coming decades?

More to the point, what are you willing to support - and do yourself - to make it happen?

### [Melting glaciers show climate change speeding up, say UN, scientists](#)

New data has shown that the melting of mountain glaciers worldwide is accelerating, a clear sign that climate change is also picking up, the UN environmental agency and scientists said.

### [Indonesia could lose 2,000 islands with rise in sea level, finds study](#)

### [Hedging Climate Bets](#)

So one logical approach is to ask exactly what the prices of various assets are telling us about disinterested opinion concerning CO2 theory. Granted, the market is very noisy, and prices reflect possible government mandates and subsidies, the U.S. interest in energy independence for security and foreign policy reasons, and the peak oil issue. But buried somewhere in the haystack is valuable information about what some of the world's smartest investors really think about CO2, and it would behoove those in the "skeptic" community to find it and feed it back into the political debate. Who ya gonna believe -- Al Gore or an Indonesian billionaire with real money on the line and access to some of the best expertise in the world?

### [N.Y. firm pumped about Russian oil](#)

The United States is sitting on an energy land mine, said David Zaikin, the founder, chairman and chief executive of Siberian Energy Group Inc. of New York. The firm owns seven oil assets as part of a joint venture covering 1 million acres in western Siberia and 90% of the gas assets in the Russian region.

“Some traders and oil companies suggest that if Iran withdraws half of its oil deliveries, price per barrel will jump to \$160,” Mr. Zaikin said. “All major oil and gas companies can bridge the gap for a very short period of time, but after that, the price is in free territory.”

### [Bulgaria's PM Visits Plunged-in-Blackout Albania](#)

The impact of Bulgaria's nuclear units closure is one of the main topics to be discussed during the official visit of Bulgaria's prime minister in Albania.

Albania is suffering from electricity-supply restrictions in the wake of the shut down of Bulgaria's nuke units 3 and 4 at the end of last year. The energy crisis provoked protests all over the country some weeks ago.

### [Germany: Breakthrough Deal May Eliminate German Coal Subsidies](#)

After months of negotiations, politicians and leaders from the coal industry reached a breakthrough Sunday night. Government subsidies -- not jobs -- are to be cut back drastically and may be history as early as 2018.

### [Expanded Biofuel Production Expected to Drive Up Food Prices](#)

Canadian consumers can expect to pay more for pork and other red meats and poultry down the road as North American livestock producers adjust to increased competition for grains that have traditionally been used to feed livestock, writes Bruce Cochrane.

### [Green Groups Insist Biofuel Can't Cure All Energy Ills](#)

Biofuel has been heralded as the answer to air pollution and energy dependency while creating jobs, but German environmental groups say it's not necessarily the panacea some portray it as.

### [In Europe the bell tolls for energy](#)

Europe has taken action as the result of increasing energy demand, the Gazprom Empire – which became known during the Ukrainian crisis – and the much feared global warming. Experts are seeking a magical solution that will both satisfy the growing demand and slow down global warming.

### [Oil prices still likely to fuel global slowdown](#)

Compared to forecasts of US\$100, oil is today selling at about half-price, a true bargain. But this perception runs the risk of exaggerating estimates of the economic impact of the decline.

### [Iran in \\$10bn initial gas deal with Repsol, Shell](#)

### [Getting Serious About Alternative Energy](#)

First, let's be clear: Oil is different from other products. If the French offend me, I can buy wine from Australia instead. If the price of beef goes up, I can dine on lamb. But oil enjoys a kind of monopoly: If you drive a car, you have no choice but to buy fuels refined from petroleum, a resource most abundant in countries where hostility toward Americans runs high. Currently, we spend about \$150 million a day on oil from the Persian Gulf and more than \$70 million a day on oil from Venezuela.

### [Bernanke, Trichet May Find Cheaper Oil Raises Inflation Risks](#)

The same lower energy bills that are removing a source of inflation are also stoking the world economy at a time when it is already growing briskly. That may be enough to force interest rates higher in Europe, and keep them from coming down in the U.S.

### [Recent Trends & Year Ahead for Oil Market](#)

The story of oil prices last year was all too familiar and well documented — a strong and sustained run up in oil prices, due to unforeseen demand in China and India, and a risk premium associated with global tensions (as high as \$10 per barrel), followed by a drop. Continued growth in oil demand in China, India and the US and supply shocks combined to raise oil prices to a new record. US light crude (WTI) smashed through its previous year peak of \$70.86 to rise to \$78.40 per barrel on July 14. Since then, oil prices have been on a downward path, reaching below the \$50 a barrel level for the first time in over 19 months in mid-January.

### [China's Fuel Shortages May Ease as Rail, Grid Expand](#)

China's fuel shortages may ease this year as the world's second-biggest energy user expands railway and grid networks to facilitate supplies to factories in the southeast, the nation's top economic planner said.

### [Iceberg the size of London threatens rigs](#)

An enormous iceberg the size of central London is causing alarm among scientists, who predict that it could be on the move in a matter of months, posing a potential threat to shipping and oil rigs in Arctic waters.

### [West looks to bypass Russia for energy](#)

Obscure republics of the former Soviet Union have taken centre stage in the new Cold

War: the struggle to secure supplies of oil and natural gas.

### [Lithium surge lacks staying power](#)

The excitement around new battery technology is understandable, given that energy storage is one of the biggest bottlenecks of innovation facing the planet. What's not as justified is the fixation on lithium-ion batteries.

Just ask William Tahil, research director with Meridian International Research, a technology consultancy based in France. Tahil recently authored a paper titled, "The Trouble With Lithium," in which he concludes that the rapid embrace of lithium-ion batteries is misguided and bound to backfire.

### [U.S. consumers, companies feeling green](#)

It took a war, a deadly hurricane season and an unusually mild winter, but U.S. consumers seem ready to cut back on energy usage for good.

### [Vietnam Leader Urges State Oil Company to Halt Slump in Output](#)

Vietnam Oil & Gas Group, known as PetroVietnam, should move urgently to open new fields and halt a drop in output from Southeast Asia's third-biggest oil producer, Prime Minister Nguyen Tan Dung said.

Vietnamese crude oil production totaled 17.3 million tons last year, or about 355,000 barrels a day, down 8 percent from output of 18.8 million tons, or about 386,000 barrels a day in 2005, according to figures provided by PetroVietnam. The decline marked the second consecutive drop in production after a near- tripling of output within a decade.

### [Oil sands woes will be resolved, energy board says](#)

With roughly \$100-billion of work planned for the region over the next decade, problems are everywhere in Fort McMurray, from a severe housing shortage that has made the remote city one of Canada's most expensive to extremely stressed health care facilities.

### [The Politics of Cheap Oil](#)

Oil prices may be falling, but hold off the cheering. Yes, cheaper oil leads to cheaper gasoline, and that's good for America. At least, that's the common wisdom, particularly among the neoconservatives. But there is plenty of downside to cheaper oil and those

deleterious effects rarely get discussed.

### [Food Prices in Iran & Mexico Increasing Due to Demand for Oil & Grain](#)

From Iran come reports of great disaffection amongst the less affluent classes with the governance of a certain Mahmoud Ahmadinejad, he of the stem-winding anti-U.S. speeches that incidentally promise the destruction of Israel. Apparently Mr. Ahmadinejad can spend his nation's oil money running a nuclear weapons program, but he cannot keep the price of food from rising, much to the consternation of the people who inhabit the land of ancient Persia. The Mullahs, we are told, are not pleased.

### [Coal is cheap in short run, but it will prove costly in end](#)

Anyone who thinks "liberal propaganda" when they hear that assertion needs to read Joseph Romm's just-out book, "Hell and High Water." It's well-documented, hard to refute and scary.

Superstorms on a scale of Katrina or worse. Suffocating hot spells in warmer climates that will last for months. Extinction of dozens of animal species. Inundation of coastal cities and low-lying countries. And more, making parts of the planet all but uninhabitable.

### [Nigeria militants claim to free leader](#)

The main militant group in Nigeria's restive, oil-rich south said dozens of its heavily armed forces raided a prison Sunday and freed one of their leaders.

Officials in the oil-industry center of Port Harcourt confirmed there was a prison break, but did not say who escaped. Officials said one passer-by died when the militants exploded dynamite to break through the prison walls.

### [Climate change hitting developing countries worst, says UN](#)

Climate change is having an increasing impact around the world, with developing countries the worst hit and least capable of defending themselves, a top UN climate change official has said.

### [New climate report too rosy, experts say](#)

Later this week in Paris, climate scientists will issue a dire forecast for the planet that warns of slowly rising sea levels and higher temperatures. But that may be the

sugarcoated version.

### [Couldn't decide whether the oil prices are high or low?](#)

With the mild weather and OPEC members' reluctance to hold promises for production cuts, OPEC's basket price has seen \$48 a barrel. But oil prices are on the rise again.

For peak oil camp, the production peak has already been arrived or is about to arrive. So the price catastrophe is very close. We should get ready to see high prices.

### [Hungry for oil](#)

Dwindling oil stocks could cause the UK to be vulnerable to food shortages for the first time since the second world war.



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