



DrumBeat: February 6, 2007

Posted by [Leanan](#) on February 6, 2007 - 10:13am

Topic: [Miscellaneous](#)

[The Fortunate Fifth](#)

The oil world seems to have learned how to get along with the prospect of war with Iran, which is to say that it is choosing to ignore it. The Bush surge in Iraq with the prospect of fresh and heavy fighting is old news. The news that Mexican production fell half a million barrels a day last year caused not a ripple. The shutdown of most of Nigeria's refining capacity has evoked the equivalent of a mighty yawn. The fact that OPEC production fell last year, even before the production cuts announced in September began to take effect, evokes derision rather than worry. "OPEC just can't get its act together."

The announcement in December by the Kuwaiti government that production had peaked and is now declining at the world's second largest field, Burgan, passed without comment or even a blip in the price slide.

The fact that Iran on current trends is set to become an oil importer in six or seven years causes not the least anxiety. The world's oil replacement ratio, that is to say the percentage of consumption that is replaced each year with new discovery, has fallen to 30% and keeps falling.

The truth of the matter is that the world is in the midst of an energy crisis, but neither the NYMEX nor the IPE seem to have noticed.

[Spot natural gas prices hit record high in NY](#)

Prices for next-day delivery on Transco in New York jumped as high as \$60 per million British thermal units early Monday, well above the record high average of \$47 per mmBtu set in early January 2004, according to Reuters data. But late deals were heard closer to \$21, traders said.

[Gas to prop up output in Daqing](#)

China's biggest oilfield, facing depleting output, is increasingly relying on natural gas to maintain production levels.

[Bush Budget: \\$168M to Begin SPR Capacity Expansion](#)

U.S. President George W. Bush on Monday proposed to spend \$168 million in his 2008 budget primarily for administrative costs relating to the expansion of the nation's Strategic Petroleum Reserve from its current capacity of 727 million barrels to 1.5 billion barrels by 2027.

[Works forging ahead on Al-Qurayyah Seawater Project](#)

With the project's completion, the plant will have a treatment capacity of 14 million bpd, making QSWP the world's largest seawater treatment plant intended for oil recovery, according to a report carried by Saudi Aramco web-site.

The expanded plant will include nine treatment modules, sedimentation basins and head shipping pumps and the extension of an above-grade canal. The plant's refitting includes a whole new electrical system and the upgrade by Saudi Electric Co. of the 230 kv incoming power supply.

[China: Crude oil reserves decline sharply last year](#)

China was still the world's fifth-largest crude oil producer in 2006, but dropped to the 13th worldwide in terms of proven crude reserves from the 12th in 2005, according to statistics released by the United States-based Oil & Gas Journal, the world's most widely read petroleum industry publication.

[Pakistan energy demand to reach 361MT of oil equivalent by '30](#)

Pakistan's energy demand has been estimated to reach 361 million tonnes of oil equivalent (MTOE) by 2030 and this huge surge could pose a serious threat to the future development programmes, a senior government official told Daily Times.

[ConocoPhillips Seeks Arbitration with CNOOC Over Oil Tax](#)

U.S. oil major ConocoPhillips (COP) has asked for arbitration in a dispute with China National Offshore Oil Corp. over costs incurred due to Beijing's windfall tax on oil sales, according to people familiar with the situation.

[OPEC Revival Looms Over Big Oil's '07 Production Outlook](#)

As major oil companies work to boost production in 2007, they're experiencing fresh angst from an old rival: OPEC.

[Bush Budget Axes Oil, Gas R&D Funding, Targets Two Tax Breaks](#)

The Bush administration Monday proposed to ax two federally-funded oil and gas research programs and modify two separate tax breaks for the oil and gas industry in its 2008 budget.

The administration's budget primarily focuses on funding for new renewable energy, biofuel and nuclear programs, and the proposals would, in a small measure, help offset the new spending priorities.

[Blood of the Earth: Dilip Hiro on the Battle for the World's Vanishing Oil Resources](#)

I'll give you a very quick figure. In the USA, there are 800 vehicles -- passenger cars, buses, minivans, etc., etc. -- for 1,000 American men, women and children. In India, there are eight vehicles for 1,000 Indians, men, women and children. Now, suppose India progresses economically, and you change that figure from 8 to 18 or 80, can you imagine how much oil will be required? And that is something which one has to face up to. And as I show, you know, there's what you call, you know, oil, any mineral, you have a bell curve, and peak will reach in ten years time, and then you start to go down. And at that time, India and China, the demand will rise. So what will happen? The price of oil will go up to -- take a deep breath -- \$200 a barrel.

[Interior Reverses BLM Lease Sales in Utah](#)

The Interior Department's Board of Land Appeals last week suspended the Bureau of Land Management's roughly 14,000 acres of oil and natural gas lease sales in central Utah on the grounds that BLM did not adequately identify sensitive archaeological sites before offering the leases.

[Peru's Amazon oil deals denounced](#)

Environmental and human rights group in Peru have denounced the government's campaign to auction off large swathes of the Amazon to oil and gas companies.

[Putin sees Israel as a possible customer for Russian gas](#)

During his visit Ben-Eliezer will also promote the "infrastructure corridor," in which Russia is expected to play a key role. The project involves laying 610 km of pipes on the seabed between Turkey and Israel, mainly to supply natural gas and oil. Supply of water and electricity is also under consideration.

[Opec-style gas group 'unlikely'](#)

Qatar, which has the world's third-largest natural gas reserves, has said a form of cartel between producers of the fuel is unlikely.

[Russia, Iran, Qatar to Assess Need for Gas OPEC in March](#)

Iranian Oil Minister Kazem Vaziri-Hamaneh said that Iran, Qatar, and Russia will assess the formation of a natural gas exporting group, similar to the Organization of Petroleum Exporting Countries (OPEC) on March 6.

[Massive biofuel program to go ahead despite concerns](#)

International criticism of Indonesia's massive biofuel development program will not affect the project, which is expected to turn the country into one of the biggest biofuel producers in the world, says an official.

[Food industry calls for a more balanced biofuel policy](#)

With the increasing use of some of their raw materials for the production of biofuels, the food industry is starting to call on the European Commission to take measures to ensure they do not face further price hikes for their supplies.

[Saudi Aramco Signs Manifa Contract](#)

Saudi Aramco has signed a contract with Belgium dredging contractor Jan De Nul to help develop the 900,000 barrel per day (bpd) Manifa offshore oil field.

Scheduled for completion in 2009, Jan De Nul will carry out dredging works in the Arabian Gulf before building several drilling islands and a 41-km causeway that will provide Saudi Aramco with a direct link from the coast to shallow-water offshore man-made drilling islands.

[China to keep relying on coal](#)

China has no plans to radically change its reliance on coal and other dirty fuels despite already feeling the impacts of global warming, according to a leading Chinese meteorologist.

In the first official Chinese response to a stark UN report issued last week on climate change, Qin Dahe said China lacked the technology and financial resources for a

wholesale conversion to cleaner energy sources.

[Grim global warming prognosis for Western U.S.](#)

Now the scientists can make regional projections about "where people actually live."

[Turkey prepares action plan on climate change](#)

The Turkish government is preparing an action plan of measures to combat the fallout of global warming, focusing mainly on economising water.

[Britain working toward international clean energy project](#)

Britain wants to launch a major international clean energy project with other European countries, Japan and the United States in a drive to combat climate change, British Prime Minister Tony Blair said on Tuesday.

Blair said the project could focus on carbon capture and storage -- where carbon dioxide produced from burning coal is buried under the ground or the seabed instead of being released into the atmosphere, contributing to global warming.

[Oil, Chavez, and the Orinoco Belt](#)

With the lightning speed that only a would-be dictator can muster, Hugo Chavez grabbed power in Venezuela last week. Greedily grabbing all the levers of authority, Chavez made the next move in his promise to deliver utopia to his people. And when all of the votes had been counted, Chavez promptly took his place in the string of history's other leaders who also boldly proclaimed, "I am the state."

In the meantime, however, it is his country's position as the number-four supplier of imported oil to the United States that promises to deliver his socialist misery to our doors.

[Bolivia Aims to Restructure Hydrocarbons Sector, Quell Unrest](#)

Bolivia faces a growing rift between the east, which features La Paz and the seat of the government, and the country's hydrocarbons-producing west.

[Mixing Oil and Water - Industry's quest may end in the sewer](#)

This is the second in a two-part series examining the growing debate between industry and the province of Alberta over the use of water for the surging oilsands sector.

(Part 1 is [here](#).)

[Electricity usage sets a record for winter](#)

The operator of the power grid for the mid-Atlantic and parts of the Midwest said Monday that it reached an all-time record for winter electricity use amid frigid weather on the East Coast.

Valley Forge, Pa.-based PJM Interconnection, which operates the power grid in 13 states and Washington, D.C., said demand Monday morning rose above 112,500 megawatts. The previous record for winter use, set in December 2005, was 110,414 megawatts.

The all-time record for summer use on the PJM grid, 144,644 megawatts, was set during a heat wave in August.

[Alaska oil pipeline operator loses part of a pig](#)

The operator of the Trans Alaska Pipeline System was on the lookout Monday for a piece of a cleaning device -- called a pig -- that mysteriously got dislodged somewhere inside the 800-mile oil pipeline in December.

[Game over on global warming?](#)

Everybody in the United States could switch from cars to bicycles.

The Chinese could close all their factories.

Europe could give up electricity and return to the age of the lantern.

But all those steps together would not come close to stopping global warming.

[Declining energy sources huge problem](#)

Our only hope is unrestricted domestic oil drilling accompanied by a massive construction of nuclear power plants, akin to the Manhattan Project, but this is unlikely to happen. The media and the left have painted oil production and nuclear power as detrimental.

Forty percent of Americans lived on farms in 1900. Oil-dependent modern agriculture

has reduced that number to 2 percent today. Our nation's history of reacting to crises, rather than preparing for them, will lead to millions starving in our not too distant future.

[Pakistani firm to export sugarcane crushing mill to USA](#)

The rapidly intensifying energy crisis that grips the world today has generated tremendous worldwide interest in renewable sources of energy. One of the major sources of renewable energy is the world's cane processing & distillation industry which produces ethanol as a by-product or as its main product.

[Biotech-Biofuel Benefactors](#)

Dedicating all present U.S. corn and soybean production to biofuels would meet only 12% of our gasoline demand and 6% of diesel demand. Total U.S. cropland reaches 625,000 sq.mi. To replace U.S. oil consumption with biofuels we would need 1.4 million sq.mi. of corn for ethanol and 8.8 million sq. mi. of soybean for biodiesel. Biofuels are expected to turn Iowa and South Dakota into corn-importers by 2008.

[Saudi cuts Q4 oil supplies to Asia, Iran exports more](#)

Saudi Arabia cut oil exports to its three largest Asian customers by nearly 4% in the fourth quarter against the third, while Iranian shipments rose to near year-ago levels, calculations based on official data showed.

[Saudi to boost fuel supply to US forces in Gulf](#)

Saudi Arabia has steeply raised the amount of its jet fuel earmarked for the United States military, which is expanding its presence in the Gulf, Middle East trading sources said.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](#).