



## DrumBeat: February 12, 2007

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Topic: [Miscellaneous](#)

[Record High Oil & Gas Project Costs Expected for '07: IHS/CERA Launch CPI-Like Index to Track Equipment, Materials & Personnel Costs](#)

The costs of major oil and gas production projects have risen more than 53% in the past two years, and no significant slowing is in sight, according to a new benchmark index developed by IHS and Cambridge Energy Research Associates (CERA).

The IHS/CERA Upstream Capital Costs Index (UCCI), which tracks nine key cost areas for offshore and land-based projects, climbed 13% to 167 during the six months ending October 31, 2006, compared with an increase of more than 17% in the previous six months. Since 2000, the UCCI has risen 67% -- with most of the increase in the last two years -- while the Producer Price Index-Commodities for finished goods (excluding food and energy) moved up just 7.5% during the same period.

“This continuing cost surge is central to every energy company’s strategic planning and to every energy user’s expectations for supply security in the coming years,” said CERA Chairman Daniel Yergin. “Rising capital costs rank right alongside more widely recognized issues such as world market trends, geopolitics, globalization and new technologies at the top of the agenda for the energy industry,” he said. “And this will be a central issue at CERAWEEK in Houston,” referring to the CERA conference that opens in Houston on Tuesday.

### [Is Iran’s “Oil Weapon” A Doubled-Edged Sword?](#)

Iran has to import about a third of its petroleum. It has been dependent on imported distillates since the destruction of much of its refining capacity during the Iran-Iraq war, and it holds only about 45 days of petroleum stocks. A cutoff of oil revenues would force the government to control and distribute food to the population, to reduce the budget of an army already desperately short of spare parts, and to cut back drastically its support for allies in Iraq, Syria, Lebanon, the Palestinian Authority and various terrorist organizations around the world.

### [Raymond J. Learsy: Iran and Russia Learn to Dance the Natural Gas Contango](#)

What's worse than one bully? A mafioso of them. And if Iran's Supreme Leader Ayatollah Ali Khamenei has his way, the world's largest natural gas producers might try

to form such a mafia to manipulate markets and keep gas prices high and ever higher, just as the OPEC cartel has so successfully and destructively done with oil.

### [WSJ: Alternative Approaches](#)

Since the oil shocks of the 1970s, governments around the world have paid plenty of lip service to renewable energies such as wind and solar power. But only a few governments have been able to engineer policies that have begun to bring alternative energies into wider use.

### [EU Grasps at Central Asia for Energy](#)

The European Union anticipates opening four new embassies in Central Asia by 2008 in order to further its influence in the energy-rich region. However, considering the competition Europe faces from the Russians, Chinese and Americans, it appears the EU will have to up the ante if it really wants to become a major Central Asian energy player – a key component of its strategy to reduce its reliance on Russian energy imports.

### [Global Wind Energy Markets Continue to Boom in 2006](#)

### [Japanese nuclear power steams ahead](#)

Japan's New National Energy Strategy calling for increased use of nuclear power to generate electricity and, more controversially, the need to extract plutonium from spent nuclear fuel for future use to power reactors has run into trouble because of repeated accidents and mishaps at various plants.

So it was considered something of a victory for nuclear power generation when the Mihama-3 reactor in Fukui prefecture in western Japan resumed full-scale commercial operation on Wednesday, two and a half years after it was shut down in the wake of the nation's deadliest accident at a nuclear power plant.

### [Uganda: Giving Free Bulbs Starts Feb 20](#)

The government will give three free energy saver bulbs to everyone of Umeme's domestic customers starting on February 20.

### [Massive Off-Shore Wind Turbines Safe for Birds](#)

### [Significant cut in gasoline use is decades away](#)

It will be decades before the world will see a significant cut in global automotive gasoline consumption, automakers and analysts said.

While there have been major improvements in fuel economy and reduced emissions through the development of technologies such as hybrids and clean diesel, consumers are not adopting them quickly enough to make a serious dent.

### [Oil sheds 1 percent on Saudi comments](#)

Oil tumbled more than 1 percent on Monday after Saudi Arabia's oil minister signaled satisfaction with market conditions and some Asian refiners reported a rise in anticipated Saudi supplies next month.

### [Oil and War](#)

To leave Iraq is to leave the Persian Gulf oil fields. Since Americans will have a tough time obtaining oil at anywhere near the rate they have been in an open market, the American economy will suffer a trauma from this loss. And since those in power know that Americans will not tolerate an end of the era of happy motoring, they plan to attack Iran in the hope of retaining control of the Gulf.

### [U.S. Energy Experts Announce Way to Freeze Global Warming](#)

As scientists sound daily alarms about the dire consequences of global warming, Americans are asking one question: What can we do about it? The American Solar Energy Society (ASES) has an answer: Deploy clean energy efficiency and renewable energy technologies now!

### [Russia warns BP it may lose Siberian gas licence](#)

Russian joint venture TNK-BP, which is 50 per cent owned by BP, has been told it is in violation of its agreement to develop Kovykta, its vast east Siberian gasfield. The move is the latest sign of Russia's tightening grip on its energy resources.

The natural resources ministry gave TNK-BP three months to fix the violations or risk losing its licence.

### [With biofuels, consider: Who suffers? Who benefits?](#)

The apparent free lunch of crop-based fuel can't satisfy our energy appetite - and it will not be free, or environmentally sound. Dedicating all present U.S. corn and soybean

production to biofuels would meet only 12 percent of our gasoline demand and 6 percent of diesel demand. On average, corn ethanol - the leading biofuels candidate in the United States - provides only a 13 percent reduction of greenhouse gases compared to gasoline. This advantage is lost if, as happens in South America, carbon-capturing forests are felled to make way for biofuel crops.

### [Australia: Coal ban would crush economy](#)

Calling a halt to coal exports would push Australia's economy backwards, federal Resources Minister Ian Macfarlane has said.

### [Investors may be too complacent about climate change](#)

The scientific consensus in favour of man-made global warming seems clear. There is also evidence that voters are increasingly inclined to believe in the phenomenon, even in America.

This might lead one to believe that politicians will be forced to take action. But, as Tim Bond, of Barclays Capital, points out, the futures markets appear to be saying something different. The forward curves for hydrocarbon fuels (such as oil and coal) are upward-sloping: higher prices are expected in future.

### [There Is Plenty Oil!](#)

### [Global warming debate heats up in Washington](#)

Global politicians and business leaders aim to turn the unfertile territory of Washington into a hotbed of action against climate change this week.

### [Oil future raises burning questions](#)

At the height of last year's debate on oil prices, which led to governments increasing billion-dollar subsidies on LPG conversions for cars, a senate inquiry was launched into Australia's oil supply and the prospects for alternatives.

The inquiry was prompted by a question posed by the Greens: whether Australia should be concerned about "peak oil", the theory that conventional oil production will reach a peak and then begin an irreversible decline.

### [High petrol prices a sign of worse to come](#)

Rising petrol prices over recent years are giving Australians a glimpse of the future, the Public Transport Users Association (PTUA) warned today. The warning came as a Senate Inquiry into future oil supplies highlighted growing doubts about the ability of global supplies to meet projected demand.

### [Drawing a blank on housing](#)

Such lifestyle trends are helping shape the market. It's a familiar story by now: people are supposedly busier than ever; they don't want to lose their weekends to mowing lawns and painting weatherboards. They like to eat out. Peak oil has sharpened their interest in living closer to town.

### [Green movement grows in area suburbs](#)

But author James Howard Kunstler, a critic of suburban development, said the eco-friendly push has come much too late to communities built on subdivisions and strip malls.

"The horse is really out of the barn on this one," Mr. Kunstler said. "The problem is the development pattern much more than the buildings themselves. It's pitiful that they waited until now to recognize the destruction they've already caused."

Plano Mayor Pat Evans disagreed. The "Live Green" campaign will produce results, she said.

### [Panelists at Summit Meeting Debate Oil, Environmental Issues](#)

"On the plus side, we as a scientific, engineering community are much more focused on energy today than a generation ago," [Paukl] Roberts said. "However, all it takes is a drop in the price of oil for there to be a collective sigh of relief and for people to think we somehow solved our energy crisis."

### [Saudi Aramco hikes March crude prices sharply](#)

Saudi Aramco sharply raised all crude oil grade prices for March deliveries to the United States by up to 2.30 dollars a barrel and to Europe by up to 1.45 dollars a barrel and increased the price formula for most grades destined to Asia, the Middle East Economic Survey reported Monday.

The Cyprus-based weekly publication said that while the increases to western customers reflect stronger prices for sour crudes in the US and Europe, the size of the rises was greater than customers anticipated and was seen as an attempt to curb demand through pricing at a time of OPEC production cutbacks.

### [Putin: Russia, Saudi Arabia energy partners, not rivals](#)

### [Kurt Cobb: Coin in the fuse box](#)

Policy makers and the public are not getting the feedback they need in order to make informed judgements about such issues as peak oil and global warming.

### [Australian parliament recognises Peak Oil as real](#)

The report is a most useful step forward. There is a lot of very valuable information in the depths of the report, giving a more balanced approach than the Executive Summary.

### [Report outlines energy scenarios for the future](#)

"There's a tendency to look at recent history, extrapolate and forecast the future using just the last few years as a basis," Yergin said.

"But in energy, every three to four years the outlook changes dramatically. Scenarios give you a way to evaluate the major commitments you want to make."

### [We're saved! "The Fastwalker Effect": The Solution to the Energy Crisis, Environmental Devastation and the Elimination of Fossil Fuels](#)

The Fastwalker Effect is the confluence between full disclosure of incontrovertible evidence conclusively establishing the presence of off-world civilizations on Earth and, the role that will be played by the sophisticated, free and non-polluting energy sources used to power their interstellar craft; ultimately eliminating humanity's need for fossil fuels, thus resolving the energy and environmental chaos facing our planet's future.



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