



DrumBeat: May 4, 2007

Posted by [Leanan](#) on May 4, 2007 - 9:07am

Topic: [Miscellaneous](#)

[Big oil discoveries](#)

...The news from Bohai Bay should reopen the debate on whether the world is running out of oil and gas – the fear that underlies Beijing's grab for natural resources. High oil and gas prices and project difficulties have bolstered the position of those who predict production is within years of peaking.

In certain respects, peak-oil theorists have a lot of data on their side. Giant fields – defined as holding at least 500m boe of recoverable reserves – are believed to account for between 40 and 50 per cent of the world's total reserves. And giant fields are becoming smaller as time goes by. Recent analysis by geologist Myron Horn shows 220 giant fields were discovered in the 1970s, compared with 72 so far this decade. Meanwhile, the Centre for Global Energy Studies, a London-based consultancy, calculates that average output from giant oil fields discovered in the 1990s is about half that of 1970s fields.

A straight reading of the numbers, however, misses several important underlying issues. Politics is a bigger barrier to oil discoveries than any rock formation. Large areas of the globe remain underexplored, such as deepwater offshore Mexico and, as demonstrated on Thursday evening, offshore China. Oil and gas are finite resources, but the energy industry has repeatedly overcome the challenge of "peak oil" in the past, usually through unexpected technological breakthroughs.

[Failing the Energy IQ Test](#)

America is failing its energy IQ test and its time we start hitting the books, argue the co-founders of ASPO USA.

[Peak Oil Passnotes: Empires That Never Die](#)

When the Chinese National Oil Company (CNOOC) outbid an American company Chevron, in an attempt to purchase the mainly Asian focussed Unocal the U.S. political elite wasted no time in branding this a threat to national security. As if somehow China might invade the U.S. via a network of oil storage depots. After all we know the story of Troy do we not?

[Gasoline prices hit \\$3 as refiners strain](#)

U.S. gasoline prices shot above \$3.00 per gallon on Friday, within striking distance of record highs, as the creaking domestic refinery system strained to keep up with rising demand.

..."The problem this year is our continuing and increasing inability to refine enough gasoline to meet growing demand," said Geoff Sundstrom of AAA. "I think it is very possible that we will set a new record high price this month."

[Senate panel proposes fuel economy hike](#)

A key Senate panel on Friday proposed raising fuel efficiency requirements on all vehicles, including tractor trailers and large trucks, in an attempt to respond to concerns about energy security without crippling the domestic auto industry.

[Chavez mortgaging Venezuela's future](#)

Nationalizing the country's oil reserves has been a linchpin of Chavez's rise to power. Outside companies such as Exxon Mobil, BP, Chevron and ConocoPhillips continue to haggle with Chavez over terms that would allow them to remain minority partners in the fields in the Orinoco River Basin.

Now that Chavez has his oil, how does he plan to sustain it?

[Old king coal hard to dethrone](#)

Dirty and dangerous, coal is a notorious source of climate damage yet is destined to remain a key energy source for decades to come.

[Indonesia aims to sign Japan pact this year](#)

Indonesia hopes to sign a free trade pact with Japan -- Japan's first to include energy -- by midyear, Indonesian Trade Minister Mari Pangestu said on Thursday.

The Indonesia Japan Economic Partnership Agreement will eventually end import taxes on more than 90 percent of trade between the two nations and require Indonesia to commit its liquefied natural gas (LNG) to contractual supply, Japanese trade officials have said.

[Internal investigation called for BP firings](#)

An internal BP investigation, detailed for the first time Thursday, recommended that four executives be fired for management shortcomings in a "culture of risk taking" leading up to the 2005 explosion that killed 15 people at BP's Texas City refinery.

[Roadshow: Reaction to rising cost of gas: everything, except indifference](#)

Gary, when was the last time you actually promoted some kind of strike regarding these outrageous gas prices? Never, never, not once. I've never heard you say how people can take matters into their own hands and make a difference on lower prices.

[Gas zooms past \\$3 a gallon; record prices blamed on refinery outages, inventory](#)

Sticker shock at Toledo-area gasoline pumps put another hit on motorists yesterday as prices shot up to about \$3.20 a gallon for regular-grade fuel at many outlets, a 20-cent increase on top of recent jumps that had put prices on the verge of \$3.

[Deep-sea quakes raising eyebrows](#)

The deepest waters of the Gulf of Mexico already hold plenty of challenges for the oil and gas industry — extreme temperatures and pressures, fierce weather and currents, and even thousands of unexploded bombs dumped there after World War II.

It may be time to add one more hazard: earthquakes.

[Solar Energy Coming of Age](#)

Vertical integration is next phase for manufacturers and operators.

[Green beer](#) (No, not the St. Patrick's Day kind)

The brew kettles at New Belgium use 65 percent less energy than a standard brew kettle, spent grain goes to a local cattle farmer, and, perhaps most surprising, the brewery turns waste water into energy.

[Oil Refiners' Production Lows, Profit Highs](#)

Fires. Explosions. Lightning strikes. This is the new state of affairs for U.S. oil refiners,

hobbled in recent months by an unprecedented plague of bad luck and operational setbacks from California to Delaware. Facilities of all sizes and age have been struck, leading to supply bottlenecks in various regions.

On May 2 the Energy Dept. reported that refineries are operating at only 88.3% of capacity, barely above the 20-year low notched last week. Not surprisingly, gasoline inventories dropped for the 12th week in a row--the first such three-month stretch since 1993. All that has set gasoline prices on a dramatic bull run, with refiners' stocks setting all-time highs and U.S. consumers facing average pump prices of \$2.98.

Uganda: [Diesel shortage slows Bugiri road repairs](#)

THE 84km Jinja-Bugiri road construction has been hampered by the diesel shortages. The contractors have written to the Government notifying it of the setback.

: "Last week we were at a standstill for five days. We got some litres today and have resumed work," Thomas Grave Hansen, the project manager, Reynold Construction Company, said on Wednesday.

[Woqod denies shortage of super petrol](#)

WOQOD, Qatar's sole fuel distributor, said yesterday that there was no shortage of super petrol, or gasoline super (Octane 97), anywhere in Doha.

The company was responding to queries regarding complaints of 'severe shortage' of super petrol at various outlets in Doha in the past two days.

[Nepal Oil Corporation heavily indebted](#)

According to the report, NOC is incurring monthly losses of nearly 3 million dollars due to lower selling prices of petroleum products. The corporation sells LP gas at a price lower by 3.70 dollars per cylinder. Likewise, it has losses of 75 dollars in every kilo-liter of petrol, 60 dollars in diesel, and 10.5 dollars in kerosene. However, it earns 278 dollars profit in sale of every kilo-liter of aviation fuel.

The report also showed that NOC maintains very low stock of petroleum products, heightening risks of shortage once supply is disrupted. The current stock cannot last for more than three days of demand in the capital. The storage of petrol is sufficient only for a day in Pokhara, the major tourist city some 140 km from Kathmandu.

Pakistan - [Markets to close after sunset: Steps to contain loadshedding](#)

Conceding for the first time that the country faces an energy crisis, the government on Thursday confirmed a power shortage of 980-1500MW and announced a number of administrative and persuasive load-management measures to contain loadshedding at below 980MW in peak summer.

The measures include closure of marketing centres and businesses after sunset, diversion of some industrial activity and use of tube-wells away from peak hours and staggering of weekly holidays in the industrial sector. The government rejected a reduction in street-lightening time for security reasons.

The Philippines: [Ready or not](#)

Ready or not the Philippines will be shifting to the use of bio-fuels from petrofuels in less than a week's time.

[Yet Another Report on Balkan Energy Crisis after Bulgaria's Npp Closure](#)

Serbia is in danger of electricity shortage because of the closure of units three and four of Bulgaria's Kozloduy nuclear power plant (NPP).

...An energy collapse is expected as meteorologists predict that summer 2007 will be the hottest one within a century, Politika said. Electricity consumption in winter and summer is almost equal due to the air conditioning usage.

[Brazil considering nuclear option for energy shortage](#)

Brazil will increase the use of nuclear energy if it cannot build enough hydroelectric plants, President Luiz Inacio Lula da Silva said on Thursday.

Bangladesh: [Exploration of new energy sources must](#)

Speakers at a roundtable here on Thursday underscored the need for exploration new sources of energy including offshore mining as the country's demand for power has been increasing rapidly.

A national committee should be formed to monitor the activities in energy sector and steps must be taken to reduce the use of natural gas by exploiting other resources including coal, they said.

[Gas price surge leaves customers scratching heads](#)

"I just find it unbelievable, inconceivable that gas prices can rise that quickly and apparently for no good reason. ... I don't see any good explanation for it."

[How high can gasoline prices go?](#)

IT SEEMS THAT WHENEVER the price of gasoline goes up, the oil industry has a new explanation.

[Model Coal-To-Gas Plant Gets Its Day](#)

Once considered a white elephant and waste of taxpayers' money, the Great Plains Synfuels Plant here is now hailed as pioneer of clean-coal technology. And it's making money to boot.

[Expected freeway traffic horrors don't develop](#) - *Fewer vehicles on road; BART posts ridership record*

The nightmare commute scenario that many feared after Sunday's East Bay freeway inferno still had not materialized by Wednesday, with many motorists opting to take public transit rather than drive.

Traffic congestion was down Monday and Tuesday. The amount of time drivers were stuck in traffic moving slower than 60 mph was down 8 percent around the entire Bay Area, according to Caltrans data. Congestion on Oakland freeways, meanwhile, was down by more than 50 percent, the data showed.

[IEA gives warning of global gas shortage](#)

The world's leading energy watchdog has warned of a looming global gas shortage unless more money is poured into investment.

Canada: [Gas Pains: Why prices rise and \(sometimes\) fall](#)

Drops of liquid gold were being sold at gas stations Tuesday morning; at least that's how drivers felt after an overnight jump pushed pump prices up right across the country.

[OPEC's Dilemma](#)

Calls for energy independence and talk of electric-drive cars is sending a chill through OPEC.

Michael T. Klare: [Where is the USS Nimitz?](#)

In the latest flurry of media coverage on U.S.-Iranian standoff, the mainstream media has neglected to mention that the United States is massing warships in the Persian Gulf. Why?

[Three politicians take a stand on oil profits](#)

There are a few US politicians talking solutions to oil profits, oil shortages, and global climate change. A couple of bills now before Congress would tone down the subsidies for big oil, and one presidential candidate suggests an oil dividend. These are steps toward geonomics, the policy that rewards people for efficient use of Mother Earth.

[Repsol-YPF Joins the Fray in Gulf](#)

The deepwater Gulf of Mexico continues to attract a bevy of international oil companies due to its relatively low tax and royalty rates, stable political regime, abundant infrastructure and remaining untapped oil deposits. Companies compete against each other in government auctions to snap up new acreage. Using seismic data to see a prospective pocket of oil that others have missed could provide a critical leg up for oil explorers. Repsol-YPF hopes the new 3DGeo technology will give it a unique advantage.

[Nuclear power no sure cure for climate ills](#)

The Council on Foreign Relations, a Washington think tank, says it is almost impossible to build enough nuclear power plants to arrest the rise in earth temperatures. It would be hard for the nuclear industry to procure large amounts of reactor-grade construction materials and hire enough trained workers, the report said.

"Given the current U.S. energy sources and patterns of use, nuclear energy alone does not provide a solution for at least the next few decades for significantly reducing the U.S. contribution to global warming," wrote Charles Ferguson, the council's science and technology fellow.

[Intel analysts to study climate change](#)

Among questions that some are asking: Will drought and weather changes create mass migrations that could threaten governments? Will U.S. military bases be affected by rising sea levels?

[U.N.: Beating global warming need not cost the earth](#)

Humans need to make sweeping cuts in greenhouse gas emissions over the next 50 years to keep global warming in check, but it need only cost a tiny fraction of world economic output, a major U.N. climate report said on Friday.

[Nigeria's MEND Frees Hostages from Offshore Attack](#)

"The vessel was meant to have been destroyed. We have no need for more hostages just yet."

[PNG now has four separate LNG proponents](#)

The current spate of activity revolving around proposed LNG or liquefied natural gas projects is nothing short of amazing and could not have been foreseen even two or three years ago.

The crucial factor for PNG's gas suddenly coming of age – the largest proven gas field at Hides was discovered exactly 20 years ago – has been the upsurge in oil and gas prices and widespread concern that the day of 'peak oil' may be coming.

[International Oil Cos' Niche Lies In Finance, Project Mgmt](#)

Despite energy-producing countries' rising dominance over global hydrocarbons reserves, multinational companies likely will maintain a niche as financiers and project managers of major developments.

[Making Millions from Peak Oil](#)

Lately I've found myself discussing peak oil with a variety of individuals. And last night was no exception. I used to think the only people interested in peak oil were geologists and oil execs.

I was wrong.

It turns out that the smoky environment of a bar was better than Exxon's boardroom.

[Venezuela Min: No Plans for Cash Payment for Orinoco Projects](#)

Venezuela is not considering a cash payment to compensate foreign oil companies for their nationalized assets, the oil minister said early Thursday.

[The oil price just keeps on rising](#)

The primary trend, i.e. the development beyond short-term or seasonal fluctuations, continues to point north. While crude oil demand will rise strongly, the supply bottlenecks are becoming increasingly visible. Peak oil, i.e. the global zenith of crude oil production, is getting closer.

[Weekly Offshore Rig Review: Day Rate Divergence](#)

For this week's rig review, we set out to examine the relationship between contract lengths and the day rates for those contracts. Specifically, the goal was to determine if longer contracts generally carried lower day rates.

[What is the Timing on Peak Oil Production?](#)

Amongst the many concerns that surround oil production one of the biggest is when the world will reach the point of peak oil production. Some researchers feel that this may be within the next year or two. But a recent paper written in Sweden says that it will more likely not be before 2018. What this means is that the oil production will continue to go along the way it has, though in some places it will increase, until it hits its peak and begins to slowly decline. Obviously it is the declining supply that people are worried about.

[Of things to come](#)

Is price gouging being carried out by the big oil and gas companies? Of course. Is there anything to be gained by consumers from the high prices? Probably. As gas prices soar in the past few days, so does the chorus from consumers who believe they are being hosed at the pumps. Washington State is launching an investigation into gasoline prices and the NDP energy critic is calling on the B.C. and Canadian governments to do the same.

[Richard Heinberg's Museletter #181: Talking Ourselves to Extinction](#)

In the last couple of centuries, the magical thinking associated with religion, under assault from science, has found a new home in political and economic ideologies. Economics, which masquerades as a science, began as a branch of moral philosophy—which it still is in fact. For free-market ideologues, the market is God and profit is the ultimate good. We have used language to talk ourselves into the myth of progress—the belief that growth is always beneficial, and that there are no practical limits to the size of the human population or to the useable extent of renewable or even non-renewable natural resources. This particular myth was an easy sell: it is an inherently welcome

message (a version of “you can eat your cake and have it too”) and it seemed to be confirmed by experience during a multi-generational period of unprecedented expansion based on the one-time-only consumption of Earth’s hydrocarbon stores.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](http://creativecommons.org/licenses/by-sa/3.0/).