



DrumBeat: June 1, 2007

Posted by [Leanan](#) on June 1, 2007 - 9:09am

Topic: [Miscellaneous](#)

[Africa's Oil Dreams](#)

By some estimates, Africa holds 10% of the world's reserves, but that figure belies the importance West Africa has already achieved as a source of energy. According to *Poisoned Wells*, a new book on African oil by Nicholas Shaxson, an associate fellow with international affairs institute Chatham House in London, the U.S. imported more oil from Africa than from the Middle East in 2005, and more from the Gulf of Guinea than from Saudi Arabia and Kuwait combined. Nigeria, the giant of the region, supplies 10-12% of U.S. oil imports. "There's a huge boom across the region," says Erik Watremez, a Gabon-based oil and gas specialist for Ernst & Young. "Exploration, drilling, rigs, pipes. It's exploding." Ann Pickard, Shell's regional executive vice president for Africa, agrees: "The Gulf of Guinea is an increasingly important place."

[OPEC oil output edges higher in May - survey](#)

OPEC boosted crude oil output in May as higher supply from members including Algeria and the United Arab Emirates countered a drop in Nigeria, a Reuters survey showed on Friday.

[Next Stop: Dow 25,224](#)

Everything says the market should tank. But it's not tanking. The market sees something on the horizon that has it in a good mood.

What is it?

A booming China? Booming globalization? A new tech revolution spawned by iPods, online video and Web 2.0? Or is it the fact that Bush is a lame-duck prez?

Well, it's all of that, plus more.

..."To quench the world's thirst for energy, projections call for a cumulative investment in energy-supply infrastructure of over \$20 trillion in real terms over the next 25 years - substantially more than was previously estimated."

[Humanity must recognise our entire way of life is chronically short-termist](#)

The costs of tackling climate change are too high and the benefits too distant for us to think we can make any difference.

[Why Our Electricity System Is Headed for a State of Emergency](#)

Most people don't realize that skyrocketing global energy demand and economic growth severely affect the supply of electricity. Between production (power plants) and delivery is an antiquated, "third-world" transmission grid that is in desperate need of hardening against breakdowns, terrorist attacks, inadequate carrying capacity, and operational obsolescence. And while electricity doesn't hold the headlines or dramatic power of oil, the ability to ensure its uninterrupted supply at a reasonable price is even more essential to global survival and prosperity.

[Soaring electricity rates leave lawmakers feeling powerless](#)

Over the past year, state legislators have made it clear there's no consensus about how to respond to rising electricity rates.

But as lawmakers scramble to act before the 2007 session ends next Wednesday, the biggest problem may not be that they can't decide what to do. Rather, it may be that there's little they can do - at least anything that will change things in the short term.

[Consumers undaunted by high gas prices](#)

U.S. consumer sentiment rose in May as consumers remained resilient despite record high gasoline prices, according to a poll published Friday.

[Paying More Than Ever For Gas? Not If Buying Power Is Considered](#)

Ask a free marketeer what government should do about rising gasoline prices and the usual reply is "nothing," because "high prices provide incentives to conserve and for companies to deliver new supplies." But as gas prices near all-time highs, consumers are hardly flinching.

Sure, they'll shake their fists at the oil companies if asked. But gasoline consumption is actually higher today (by 1%) than it was last year even though pump prices increased by 15% over the same period.

[Want to save the planet? Move to a big city](#)

Even those who have no intention of going green have an image of what an ethical lifestyle may look like - an "eco-house" surrounded by trees and fields with a patch of earth for organic greens.

But this image is a myth, claims a new book, and the road to true eco-living is much simpler - we should all move to the city.

[BP scraps its carbon capture venture](#)

BP has scrapped plans to build a carbon capture centre in Scotland after the Government's energy review yesterday delayed a decision on subsidies.

[Indo-US nuclear deal faces rough weather](#)

The first issue is the reprocessing of the used nuclear fuel. The US wants India to commit that spent fuels will not be further used. Now for a country like India, which has been reeling under acute power shortage amid high industrial growth, accepting such a condition will only aggravate the problem.

[Sweden Looks to Indonesia for Biofuel](#)

Motor vehicles in Sweden are now using as little as 3% biofuel in the form of ethanol from Brazil and the government is aiming to have cars and buses running on palm oil-based biodiesel from Indonesia and reduce fossil fuels usage to 50% by 2020 to reserve its supplies and lower the carbon dioxide level in an effort to reduce global warming.

[Ethanol Industry Fights To Keep Fuel Prices In Check](#)

According to experts, if every gallon of ethanol were removed from today's gasoline supply, per gallon gas costs would rise an estimated 45 cents, making the national average for fuel nearly \$4.00 dollars per gallon.

[The Corn Conundrum: Reducing Poverty and Hunger With Biofuels](#)

At an agriculture conference a couple of years ago, I met a Mexican agricultural economist who hoped that every last kernel of US corn would be used to make ethanol so global grain companies would stop dumping heavily subsidized US corn at below production cost in Mexican markets. Poverty and hunger in rural Mexico (and immigration to the US) increased because NAFTA and subsidized US corn displaced two million Mexican farmers.

[Russia breaks into British nuclear fuel market](#)

Russia has signed a deal to supply nuclear fuel to a British generator, local media reported on Friday, a first breakthrough into the British market for Russia's fast-expanding nuclear sector.

[EU project to develop first fuel-cell aircraft](#)

The Environmentally Friendly Inter City Aircraft powered by Fuel Cells (ENFICA-FC) project is receiving €2.9 million from the EU as part of the aeronautics and space priority of the Sixth Framework Programme (FP6).

[No More Gushers for ExxonMobil](#)

ExxonMobil's official mantra is that "we are doing all we can to bring more petroleum products to market to meet growing energy needs." The numbers say otherwise, and this is a company where numbers speak louder than words. The number that matters most is return on capital employed - that is, net profits divided by what's been invested in oil rigs, pipelines, refineries, etc. ExxonMobil's ratio, 32.2% last year, is consistently the industry's best. When ExxonMobil gives more money to shareholders than it spends on capital and exploration, that means its executives can't find enough new projects that they think will generate 30%-plus returns.

[Reserve Bank reforms](#)

We as a society will have to face very soon the geophysical reality of the imminent peak and irreversible decline of crude oil extraction on a global level - a phenomenon commonly known as peak oil. This would mean ever-rising crude oil prices and rising inflation and food prices.

Will the Reserve Bank continue to raise interest rates in a futile attempt to curb inflation and bring economic growth to a grinding halt?

[Peak Oil Passnotes: Normalising \\$70 Oil](#)

In the past week or so, we have once again seen the price of Brent crude touch \$70. But now it appears that even a plateau of \$70 oil is not worrying politicians and bankers unduly. There is no great hurry on the parts of central banks to raise interest rates. How did we get to this point? And when Brent breaks out of its range, which way is it going to go? Up or down?

[The World As We Know It](#)

The tech implosion created a knowledge vacuum which became filled by three beliefs that I thought would paint the future: 1) The dollar is doomed due to America's horrible fiscal irresponsibility and Asia's turn at the helm. 2) The time for commodities is now since 20 years of decimation had created massive underinvestment. 3) We are likely at Peak Oil based on Simmons' research. I employed these thoughts in 2002, and hence, the portfolio has done okay. Those tech stocks never recovered, but I have.

Australia: [A numbers game that's hard to win](#)

Motorists "know" that petrol retailers get together and fix petrol prices or, at least, think they know. Motorists also think government should "do something" about it.

[KSA wants to join ranks of world's top 10 nations](#)

"Our mission is to position Saudi Arabia among the top 10 most competitive nations by 2010 through the creation of pro-business environment, knowledge-based society and by developing economic cities."

[Edwards contends with Big Oil](#)

Democratic presidential hopeful John Edwards took on the oil companies Thursday while campaigning in Menlo Park, with the help of a San Jose teenager who says his friends can barely afford to fill up their SUVs and a Hummer.

Rush Limbaugh: [A Petroleum-Free Society Can't Be, Breck Girl!](#) ("Breck Girl" is his name for presedential candidate John Edwards.)

The Breck Girl "says a wave of mergers in the oil industry should be investigated by the Justice Department to see what impact they have had on soaring gasoline prices. During a campaign stop in Silicon Valley on Thursday, Edwards will berate the oil industry for 'anticompetitive actions' and outline an energy plan he says would reduce oil imports 'and get us on a path to be virtually petroleum-free within a generation.'"

It's not possible. That is irresponsible to tell anybody we're going to be virtually petroleum free in 25 years. It's not possible, folks. It is not and anybody who tried to bring that about is dangerous! It is simply impossible. This is pure populist rhetoric during rising gas prices, and it's designed to prey on people whose knowledge of economics in general is woeful, or inept.

[Our biggest challenge: Solving energy crisis](#)

It's time our nation gets serious about our energy problem. And the usual suggestions just don't cut the mustard, as they would be little more than Band-Aids on gaping wounds, or have problems of their own that have not been resolved.

[UN: Climate making forest fires bigger](#)

Climate change is making forest fires around the world bigger and more intense, increasing the threat to people and the environment and costing countries millions in damage and firefighting expenses, the United Nations said Thursday.

[Consumers should take the lead in gas crisis](#)

While some consumers are blaming the government for higher gas prices, they need only look in the mirror for the solution. A number of factors — shrinking refining capacity, natural disasters — are fueling prices at the pump, but consumer demand drives gas prices.

[Majestic town: How Williamsburg leads on wheels](#)

Now, as other jurisdictions are recognizing the value of muscle-powered transportation, and the contest over alternative transportation funding is heating up due to the awareness of global warming and peak oil, Williamsburg commuters have muscle-powered alternatives that most of Virginia can only dream of.

The Society of Petroleum Engineers have just published the online version of their June 2007 [Journal of Petroleum Technology](#), which is distributed to their 73,000 members and throughout the world's oil and gas industry. They have included four responses to CERA's February editorial.

A very [brief summary](#) of a paper by Phil Hart and Chris Skrebowski is one of them. Kjell Aleklett's response was printed as well.

Also included: comments from Peter Jackson of CERA.

Hart and Skrebowski's full length article can be read [here](#) (PDF).

[Shanghai may face power cuts this summer](#)

Shanghai, China's largest city, may be plunged into darkness as the city's overburdened power-distribution network lags behind its rapid economic growth, state press reported Friday.

[Rig Shortage Hinders Indian Oil Exploration](#)

India has put off an auction of oil exploration rights by five months as a rig shortage delays drilling in existing fields and slows a quest to cut dependence on imports.

[Sinopec discovers new oil reserves of between 140 mln and 200 mln tons in Xinjiang](#)

China Petroleum & Chemical Corp. (Sinopec), China's second largest oil and gas producer, has made a new oil discovery in northwestern China's Xinjiang Autonomous Region with geographical reserves of between 140 million and 200 million tons of oil equivalent, the company's official news portal *China Petrochemical News* reported today.

[Philippine Energy Bidding Round Attracts Over 20 Groups](#)

More than 20 local and international energy groups have expressed interest in exploring and developing oil, coal and geothermal prospects offered by the Philippines in its latest energy bidding round, the Department of Energy said Thursday.

[Bush unveils climate plans that reject caps](#)

U.S. President George W. Bush unveiled a strategy on global warming on Thursday that stressed new technologies but rejected the caps on greenhouse gases that other rich countries want.

[Bush climate plan "the classic U.S. line": EU](#)

President George W. Bush's plan to tackle climate change merely restates U.S. policy which has been ineffective in the past in cutting emissions blamed for global warming, the EU's environment chief said on Friday.

"The declaration by President Bush basically restates the U.S. classic line on climate change -- no mandatory reductions, no carbon trading and vaguely expressed objectives," EU Environment Commissioner Stavros Dimas said, according to his spokeswoman.

[Japan kicks off "Cool Biz" with south islander theme](#)

Japan kicked off its third summer "Cool Biz" casual clothing drive Friday with politicians sporting southern island fashion as the country tries to fight global warming.

The government has again asked both private and public sector workers to dress lightly

and set the air-conditioning at their offices no lower than 28 degrees Celsius (82.4 Fahrenheit) during the sticky summer months.

Dave Cohen: [On the likelihood of peak oil](#)

No one can predict the future. The best we can do is to amass lines of evidence that point toward plausible scenarios. Cambridge Energy Research Associates (CERA) claims that the oil supply will continue to grow as it has in the past. Those studying the peak oil hypothesis, so-called *peakists*, are not so confident that the future will resemble the past. Peakists believe that CERA is ignoring the warning signs of peak oil. Can we gauge the likelihood of a near term peak in the oil supply?

[BP to Lose \\$18 Billion Field Amid Russian Crackdown](#)

BP Plc's Russian venture will probably lose its license to a Siberian field with enough natural gas to supply Asia for five years as President Vladimir Putin extends state control over foreign energy projects.

[Analysts split as gasoline prices slip](#)

But analysts are far from united on what the decline means.

"I think that's a small respite from what's ahead of us," said James Cordier, president of Liberty Trading Group in Tampa, Fla.

Cordier thinks prices could climb another 20 cents to 30 cents a gallon if gasoline inventories don't increase significantly, and soon.

But others think prices have peaked.

[Peak Natural Resources, History and Future](#)

The unprecedented rate of increase in the utilization of metals, minerals and natural resources of energy in the 21st century has rendered all plans devised before now for producing these materials obsolete. The world's industries have been caught completely off guard by the rate at which known reserves are being depleted. Businessmen can therefore no longer calculate costs reliably and national planners cannot guarantee the future output of their domestic economies.

[Argentina cold snap causes energy woes](#)

A cold snap in Argentina led to electricity and natural gas shortages this week, idling factories and taxis and causing sporadic blackouts in the capital.

Beset by the coldest May since 1962, millions of residents fired up space heaters, straining Buenos Aires' electrical grid for three nights and forcing authorities to slash power supply nationwide and briefly cut domestic natural gas provisions and exports to Chile.

[Turning Tar into Oil: An Economic and Environmental Disaster Looms](#)

The invasion of Iraq has set off what could be the largest oil boom in history. All the signs are there: multinationals free to gobble up national firms at will, ship unlimited profits home, enjoy leisurely "tax holidays" and pay a laughable 1 percent in royalties to the government.

This isn't the boom in Iraq sparked by the proposed new oil law -- that will come later. This boom is already in full swing, and it is happening about as far away from the carnage in Baghdad as you can get, in the wilds of northern Alberta.

[Nigerian gunmen kidnap 3 foreigners](#)

Gunmen attacked a residential compound Friday in Nigeria's lawless southern oil region, kidnapping three Asian workers from inside, police and human rights activists said.

Militants, meanwhile, said they were waiting to see how newly inaugurated President Umaru Yar'Adua would carry out his promises to develop and calm their deeply impoverished region, where the crude in Africa's biggest producer is pumped.

[Turkey deploys extra troops to Iraq border as tension with Kurds grows](#)

A Turkish military build-up on the northern Iraq border is fuelling fears of a confrontation between Ankara and Kurdistan's semi-independent government that could further destabilise the region as US forces begin to pull back.

[Victory Garden: What Is It Good For?](#)

But where does the reduction in CO2 from a Victory Garden come from? A lot of focus is on foodmiles saved, the reduction of pounds of produce shipped in exchange for what you grow on your own. I think that is a misleading number to focus on.

[Hurricane Season Begins: 2007 Atlantic Forecasts 17 Named Storms](#)

The 2007 Atlantic hurricane season should be "very active," with 17 named storms, said Dr. William Gray, a top storms forecaster said Tuesday.

Those named storms are expected to include five intense or major hurricanes (Saffir/Simpson category 3-4-5) of the nine expected, according to forecaster William Gray's team at Colorado State University.



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