



DrumBeat: June 22, 2007

Posted by [Leanan](#) on June 22, 2007 - 9:07am

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[Complicated Symmetry Between Oil and Politics](#)

The major issue here is "that you go from 79 million barrels a day in 2002 to 84.5 million in 2004. You're leaping by two to three million barrels a day" each year. That's like a whole new Saudi Arabia every couple of years. It can't be done indefinitely," former senior Aramco executive Al-Huseini commented.

[Scarcity of Goods Sows Frustration Among Argentines](#)

At the height of rush hour, Luis Ibáñez parked his taxi in the middle of the busiest intersection of this city, got out of the car and stood cross-armed in the street as traffic jammed around him.

Dozens of other cabdrivers joined him Friday, protesting a national shortage of compressed natural gas -- the primary fuel for the vast majority of taxis here. As winter approached in the Southern Hemisphere, the Argentine government cut natural gas supplies to service stations and industrial users last week. It was a temporary measure to ensure that there would be sufficient fuel available to heat Argentine homes over the weekend.

[Carstens Says Pemex Can Meet Needs Without Tax Cut](#)

Mexican Finance Minister Agustin Carstens said Petroleos Mexicanos, the country's state-owned oil monopoly, can meet its capital needs without lower taxes through greater funding from the federal budget.

[Energy sector looking increasingly bullish](#)

Saudi Arabia, which has boasted of its ability to ship up to 12 million barrels a day now admits it will be hard pressed to maintain its current 9 million daily barrels. Although the Saudis are loath to admit it, expert geologists are concerned about the viability of the Ghawar field, the largest producing site in the world. Concerns have also been raised

about two other of the Saudis' five gigantic oil production fields that make up the bulk of their overall production.

[The Globalist Quiz](#)

As more and more nations develop a strong appetite for oil, the depletion of the world's reserves is becoming an ever more important issue. As nations around the world vie to secure their energy supplies for the future, we wonder: What percentage of global oil reserves is located in the United States?

[The Ripple Effect Of Refinery Fires](#)

"When these facilities have one of these catastrophic events, it can have a disproportionate effect on the gasoline market," said Carolyn W. Merritt, chairman of the Chemical Safety and Hazard Investigation Board. Lynn Westfall, chief economist and vice president for strategic planning for Tesoro, an independent refiner, said that because "we're operating on such a razor-thin margin, we're always one refinery incident away from a spike in prices."

[The Future of Hybrid Vehicles](#)

From hydraulic to air to plugging in, you may be surprised by the upcoming array of technologies.

[US House Ways and Means Panel Passes \\$15.3B Energy Tax Package](#)

The U.S. House Ways and Means Committee passed a \$15.3 billion tax package Wednesday that would extend long-term renewable energy tax credits and provide incentives for energy efficiency.

The measure passed on a 24 to 16 vote.

Chairman Charles Rangel's, D-N.Y., markup bill pays for the package primarily by cutting more than \$15 billion in tax breaks to oil companies.

[Global warming: Just what overcrowded, polluted India didn't need... the \\$3,000 car](#)

India's economy is booming but its roads are a throwback to pre-industrial times. That is about to change when a flood of cheap vehicles come on the market

[BP sells Russian gas field stake to Gazprom](#)

Oil giant sells its 63 percent stake in a Siberian gas field to Russian state-controlled firm, signs deal to consider strategic alliance in long-term energy projects with Gazprom.

[Sudan: The oil factor](#)

The country's original and most reliable oilfields, which produce valuable low-sulphur crude marketed as Nile Blend, are maturing. Their output dropped from a peak of 300,000-odd b/d in early 2005 to 254,000 b/d in the first quarter of this year. Prospects for pushing production back up using better oil-recovery techniques are poor, and this dip will be only partly offset by output from new fields that have begun to be exploited in Sudan's south (see map).

[China: World's first coal-to-oil mass converter due to start operation this year](#)

Towering above the sweeping grasslands of Erdos, in north China's Inner Mongolia Autonomous Region, two 60-meter-high cylindrical structures stand out against the skyline.

The structures -- reactors for liquefying coal -- are part of a project to mass produce desperately needed fuel oils from China's rich coal resources.

[UK May Have to Do Without Nuclear Power](#)

The British government will not subsidise new nuclear power plants, so if the private sector does not provide the huge investments needed, the country will have to do without, the minister responsible for energy said on Thursday.

[Al Gore: 'US has to join the world effort on climate'](#) - UK interview with the former vice president

[Australia: Ethanol target a big problem](#)

Oil companies have set a target of 1,105 megalitres of biofuels in response to climate change and concerns oil is running out.

The major biofuel in Australia is ethanol, which is made from sugar cane and grain.

But a government research paper released today says Australia may be forced to import wheat if the target is met and drought is still raging.

[ADM eyes Brazilian ethanol, report says](#)

Archer Daniels Midland, the nation's largest producer of ethanol fuel from corn, is setting its sights on a move into Brazil's sugar cane-based ethanol business, according to a published report.

[Residents Flee as Nigerian Army Begins Operation on Militants](#)

Nigerian police deployed scores of troops to the murky swamps of the oil-rich Niger Delta Thursday in a bid to secure the release of more than two dozen soldiers and civilians abducted from an Italian-owned oil flow station.

[Dirty Canadian Sands Will Make You Filthy Rich](#)

Another day, another 13.5 million barrels. The problem, however, is that our foreign oil imports from areas like the Middle East are about to start drying up. But the U.S. is already preparing for this by looking to the rich bitumen in Canada.

[Refiners hit brakes on growth](#) - *As project cost soar, companies are rethinking their plans to add capacity*

Recently, Placid Refining Co. was ready to launch a major expansion of its oil refinery in Port Allen, La., when it received some unwelcome news.

In the year since it hatched the idea and ran the numbers, the cost of the project jumped by nearly 50 percent, said Gary Fuller, vice president and general manager at Placid.

[Congress's Energy Follies](#)

If the American people are suspicious of bold pledges from Washington about energy independence and reform, they have good reason to be. Since the first energy crisis almost 35 years ago, our nation has had a very expensive education in such matters. Whether it was President Nixon's Project Independence that called for the elimination of foreign oil imports, or President Carter's mandate that 20% of all domestic energy be supplied by solar technologies -- both of which were set to be achieved by 2000 -- projects have come and gone to no avail.

[Proposed toll hikes frustrate motorists](#)

Drivers might be happy the gas tax isn't going up, but proposed higher tolls have motorists and truck drivers shaking their heads.

In a budget deal hashed out Wednesday night, lawmakers nixed a proposed 5 cents-

per-gallon fuel tax and put forward an assortment of highway toll and vehicle fee increases, including raising the toll on I-95 near the Maryland line to \$4.

[Why Investors Should Be Interested in Shale Oil](#)

If you look at the EROI (Energy Return on Investment), shale oil comes out between 0.7 and 13.3. Compared to other energy sources, this isn't as bad as it looks. Early in crude oil's production history (1940's), the EROI was 100 at the time of discovery – it was easy to find, and easy to get out of the ground. In the 1970's, it dropped to around 23, still more than good enough – nobody considered not drilling for oil.

Depending on how you calculate it, ethanol ranges from 0.8 to 1.7 – at the low end, it's an energy sink, taking more energy to produce than you get from the final product, and at the high end, it barely makes sense if you don't factor in all of the non-mathematical factors like renewability and environmental impact. Shale oil clocks in right between ethanol and crude on EROI, although it comes with a spectacular range.

[Nigeria: NUPENG, PENGASSAN threaten Bluestar oil](#)

The Kaduna Refining and Petro-Chemicals Company (KRPC) branch of the National Union of Petroleum and Natural Gas Workers (NUPENG) and the Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN) say they will not allow Bluestar Oil Consortium to take over the refinery.

“We will never allow Bluestar Oil Consortium access to the refinery and it would be in their own interest to keep off,” the two unions said on yesterday at a joint press conference in Kaduna.

[South Africa: Residents drive 40km for petrol](#)

The village of Greyton and surrounding areas may be without petrol for a while longer, as the owner of the only garage in the town is not fixing it and plans to sell.

Angry residents of the sleepy hamlet and tourist destination say they have to drive 40km for petrol, as their station has been without it for months.

[Putin to participate in Balkan summit](#)

After several years of hesitation, South-Eastern European countries had to admit that their economic projects would stall without Russian and Kazakh oil supplies and financial support.

According to experts, if it is not settled at present, the Balkans may face a heavy energy crisis in five years.

[U.S. Concerned by Armenia's Energy Ties With Iran](#)

The United States has expressed concern about Armenia's deepening economic relations with neighboring Iran, with a senior American diplomat warning that they might run counter to international sanctions imposed on Tehran over its controversial nuclear program.

[Pakistan: 12 hour load shedding bludgeons Chitralis](#)

An unannounced, unscheduled minimum 12 hour load shedding in 24 hours, has put the inhabitants of Chitral town in a spin, who are crying hoarse knowing not what to do about it.

After enduring a long and dreary electric breakdown of two months at a stretch in winters, Chitralis were expecting some respite in good weather but this hope has been shattered by WAPDA, the recently declared most corrupt organisation in Pakistan.

[Problems of Uranium Mining in Russia](#)

According to Russia's Energetic Strategy through 2020 (herein referred to as Energetic Strategy) approved by the Russian government, Russia aims to increase atomic energy production from 16% to 23% with an increase in electricity generation at APP from 130 to 230-300 billion KW/h a year.

In June 2006, Vladimir V. Putin, President of the Russian Federation, suggested an even higher value at 25%.

[Iraq War Going Once. Twice. Sold! To the Democrats!](#)

The implications of Peak Oil are widely misunderstood. The world will never run out oil, whether vegetable or mineral. The Petroleum Age will not end on a fixed date, when the last drop of crude falls from some spigot in the desert sands, any more than the Stone Age ended for lack of stones. What is running out is *cheap* oil, easily extracted, easily refined oil. At some point prices will simply rise to, and stay at, a level where running all the transport and industry we do with it at the present becomes economically unviable.

That is the spectre that haunts the corridors of power in Washington DC. So many American cities, and not least suburbs, were, if not founded, then at least shaped during the Petroleum Age. It can be difficult for say, an urban European from Paris, Berlin, or

London, never having been there, to fully fathom just how shaped, by nature and design, the American landscape is for the automobile.

[False in one thing, false in everything](#)

What is the "one thing" an energy review needs to review? It is the imminent (or perhaps passed) peak in global crude oil production, on which the entire world depends for its mobility and its chemicals.

['Lights out' as Taiwan fights global warming](#)

Around 650,000 people in Taiwan are expected to turn off their lights for up to an hour Friday night to boost public awareness of global warming, an organiser of the event said.

Some public buildings, including the world's tallest Taipei 101, would also join the "Lights Out Day" campaign, said the Society of Wilderness, one of the organisers.

['Lights out' as London does its bit for climate change](#)

Some of London's key landmarks and top hotels are to go dark for an hour on Thursday evening as the capital does its bit for the fight against global warming and turns off its lights.

[Paris sizzles, Mediterranean wilts from global warmin](#)

Paris will sizzle and much of the Mediterranean will wilt according to a new study which raises alarm bells about the heat the region will take from global warming.

Today's hottest days could become some of the summer's coolest days by the end of the 21st century if the current rate of carbon dioxide emissions continues, the authors warn.

[ATI Petroleum conducts its NYSE/Euronext market listing and settles in France](#)

"Despite the long-term promise of fusion, solar, wind and other alternative energy solutions, the reality is that the world runs on energy from coal, petroleum and nuclear power. The days of peak oil production have passed and supplies will only grow scarcer as demand increases. Oil and gas must be saved for necessary activities like being the feedstock for fertilizer instead of being used for electricity generation."

[Analyst: Oil Majors' Reserves Slipping](#)

The world's major oil companies replaced reserves at levels below 100% for the third straight year in 2006, while costs to find and produce the key asset continued to rise, a new analysis shows.

Reserve replacements last year, excluding acquisitions and divestitures, were 91%, slightly below the 92% replaced in 2005, according to a report released Thursday by investment bank Bear Stearns & Co.

At the same time, the companies' search and development costs rose to \$13.63 per barrel of oil equivalent, up 28% from 2005, the report said.

Reserve replacements represent the ratio of reserves found over production for a given period. Analysts typically say a company's reserves replacement should average more than 100% over a three- to five-year period to indicate growth.

[Senate approves new auto fuel standards](#)

The Senate approved a proposal on Thursday that would for the first time in 30 years force sharp increases in auto fuel standards and impose other measures to make vehicles more efficient and cut dependence on imported oil.

In a surprise voice vote, senators approved a compromise amendment that would require an improvement in the average efficiency of the new U.S. vehicle fleet from 25 miles per gallon now to 35 mpg by 2020, about a 4 percent annual increase.

[Nigerian strike intensifies after talks fail](#)

Nigerian unions threatened to disrupt power and water supplies on Friday after talks collapsed on the third day of a general strike to protest against a rise in fuel prices.

The strike in Africa's top oil producer has stopped most sectors of the economy, including ports, airlines, public transport, government offices and large companies, but vital oil exports have so far been spared.

[Pemex Says May Oil Output Falls 6.6% From Year Ago](#)

Petroleos Mexicanos, the state-owned oil monopoly, said crude production fell 6.6 percent in May from a year earlier and dropped to its lowest this year as the company struggles with declining output from its Cantarell field.

[Opec rejects EU demand to increase oil production](#)

Opec has rejected European Union calls to pump more crude so consuming nations can replenish stockpiles and ease the impact of supply disruptions from the Middle East and Africa.

“There is plenty of oil in the market, the stocks are very high, they are above the five-year average,” Abdalla el-Badri, the Opec secretary general said at a meeting with EU officials at Opec headquarters in Vienna yesterday. “If we add more oil, it will not go to the refineries, it will go to the stocks.”

[ExxonMobil Chairman Highlights Commitment to Meeting Growing Energy Demand and Addressing Climate Risks](#)

Speaking today at Chatham House, London, Rex W. Tillerson, Chairman and Chief Executive of Exxon Mobil Corporation, discussed two critical energy challenges which the world currently faces: meeting the economic needs of growing populations, especially in developing countries, and addressing the risks of climate change.

[ExxonMobil CEO: OPEC Membership Not Affecting Angola Plans](#)

Angola's decision to join the Organization of Petroleum Exporting Countries hasn't affected Exxon Mobil Corp.'s (XOM) plans to develop reserves in the African country, the energy major's chief executive said Thursday.

"Angola joining OPEC has not influenced our forward planning," ExxonMobil CEO Rex Tillerson.

Angola's decision to become a member of the oil-producing group as of January, potentially further restricting energy companies' access to reserves. However, it's unclear how and when Angola will become subject to a production quota.

[Bush Says US Could Build 30 New Nuclear Plants](#)

President Bush Thursday said US utilities could build up to 30 new nuclear power plants and start construction by 2010 in order to keep up with growing electricity demand without spurring more global warming.



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