



DrumBeat: August 8, 2007

Posted by [Leanan](#) on August 8, 2007 - 9:01am

Topic: [Miscellaneous](#)

[Dave Cohen: Upstream Economics and the Future Oil Supply](#)

A multitude of factors, both geological and economic, point toward a peak in the world's oil supply by 2015. Today's sermon focuses on sharply rising upstream finding and development (F&D) capital costs that jeopardize ongoing and future oil projects. It does not appear, as most economists believe, that higher oil prices and Adam Smith's invisible hand will bring forth abundant new oil supplies to meet rising demand, as happened in the North Sea and Prudhoe Bay in the 1980's. Inflation is hampering the global oil industry's ability to ease a tight market that has little spare capacity.

[Bodman to push OPEC for more oil](#)

Energy Secretary Sam Bodman said on Wednesday he wants OPEC to pump more oil as crude prices hover near record levels and he will push that message to the group's ministers ahead of their meeting next month.

...Separately, Bodman said the Energy Department may try again this fall to purchase crude oil to fill the nation's emergency petroleum stockpile.

[Nigeria: When Oil Finishes](#)

Oloibiri, in Bayelsa State, where in 1956, the first oil well was discovered, challenges Nigeria to attend to the matters of the Niger Delta quickly. All that remains of Oloibiri today is the capped, emptied well, a reminder of the worse future that awaits the Niger Delta. Oloibiri is abandoned to its fate - the world has moved to other oil wells.

This aspect of the Niger Delta is ignored. If the wealth from the Niger Delta cannot be expended in restoring the environment and giving the people another means of living, after oil exploration has banished the local economy and compromised many basic rights of the people, what happens when the oil finishes or exploration moves further offshore?

[Ethiopia rebels warn oil companies to stay away](#)

Ethiopia's Ogaden rebels warned oil companies interested in the volatile but energy-rich region on Wednesday not to be lulled into a "false sense of security" by the government, saying their forces were well armed.

[Automakers highlight low-CO2 vehicles](#)

Automakers are putting a new emphasis on cars and trucks that excel at cutting carbon-dioxide emissions to reduce global warming.

[Oil forecasting off-target](#) - *It's a slippery slope for experts trying to predict the price of oil. Their record makes weather forecasting look easy.*

Since 1985, federal government forecasts on oil prices have missed the mark, on average, from 6 percent to 116 percent.

"I've done 120 short-term energy outlooks and I've probably gotten two of them right," said Mark Rodekahr, a veteran Department of Energy (DOE) economist.

"We've long been embarrassed by our mistakes," he said.

Private forecasters have done little better. Even with Monday's big drop, if oil prices don't fall a lot further, 2007 will mark the ninth year in a row that the "market consensus" guessed low on how high oil prices would go.

On average, private forecasters have undershot their target by 31 percent each year, according to a recent analysis by Deutsche Bank. In the past five years, the price of a barrel of oil has tripled. The fact is, few experts saw it coming.

[Escape From Suburbia: Beyond the American Dream](#)

The message in this film has moved past the identification and understanding of a problem and toward an analysis of it and how people can take action toward solving the problem. The overall message conveyed in this film is one of hope and optimism, but only if the viewer puts into motion solutions through their own actions. This notion was succinctly articulated in the film by the quote, "Action encourages optimism."

[The great Arctic Circle oil rush](#)

As the countries bordering the Arctic hammer out who can lay claim to what parts of the ocean, one major player is missing: the U.S. Why? Because of an unlikely spat between Big Oil and a group of Republicans over the UN treaty that governs who can claim rights to those waters.

[Transport crisis drains frustrated Zimbabweans](#)

A month ago, Samson used to queue for an hour to catch a bus to work and home. Now it's a three-hour trip because a severe fuel shortage and a price blitz targeting inflation has hit the transport industry, forcing bus drivers to quit.

[Shell Evacuates North Sea Workers After Power Outage](#)

Royal Dutch Shell PLC (RDSB.LN) has evacuated workers from its North Sea Brent Bravo platform after the facility suffered a power outage Friday.

[T&T's reserves declining'](#)

The Trinidad and Tobago Government is expected to release details of its latest natural gas audit by mid-month following newspaper reports that the Houston-based audit consultant, Ryder Scott, found an 11 per cent decline in the country's natural gas reserves.

[For Russians, rewards and risks of soaring ruble](#)

Not long ago, Russians held their currency in such low esteem that some plumbers in Moscow preferred to be paid in bottles of vodka rather than rubles.

Now, lifted by a rising tide of high prices for oil, Russia's most lucrative export, and a wave of foreign investment, the once humble ruble has made a mighty recovery.

[Nigeria: 40bbls Oil Reserve By 2010 Not Feasible, Says NNPC](#)

The Nigerian National Petroleum Corporation (NNPC) has said the targeted 40 billion barrels (bbls) oil reserve by 2010 is no longer attainable.

Group Managing Director, (GMD) of the corporation, Engr. Funsho Kupolokun, argued that enormous energy requirements are needed to achieve the set target as the reserve addition and replacement ratio need to increase by 200 per cent or 800 million barrels per day within the three years.

[Iraq blackouts blamed on fuel shortage](#)

Iraq's Electricity Ministry is blaming the Oil Ministry for current electricity shortages, saying the nation's power generators don't have enough fuel.

"Electricity generation can hardly meet half of the country's needs," said the ministry's Aziz Shammari. "Power output has never been as worse as it is today since 2003."

Much of the country goes long hours, if not days, without power in the midst of the Iraqi August, where temperatures soar above 100 degrees F.

The Electricity Ministry had been blaming power-producing provinces for eating up more than their electricity quota, as well as regular attacks on electricity infrastructure.

[Analysis: Time to withdraw Iraq oil law?](#)

Iraq's citizens suffer from the August heat, little electricity and fuel. Death is seemingly around every corner. So the time may not be right for an oil law, especially the one the Bush administration wants.

UPI has found a recurring theme over recent months during coverage of the Iraq oil law: creating a law governing the bloodline to Iraq's economy should be less of a priority than stopping the bloodletting of Iraq's citizens.

[The Philippines: Power cries](#)

But if four power plants (1,420 megawatts) were scheduled to undergo maintenance shutdown, how come two other plants (1,150 megawatts) did not have enough fuel?

In the private sector, this would readily be called "mismanagement." In short, you're fired!

[Deregulation Blackout: How media hype California's fake energy crisis](#)

Power shortage! Unavoidable blackouts! Too much environmental regulation! All these media themes about the electric crisis in California have one thing in common: They are utterly false.

[Where's the Beef, Indeed: A Steak Shortage Hits N.Y.](#)

The country's effort to move away from a dependence on foreign oil and embrace green initiatives appears to be behind a change in one of New York's purest traditions, the menu of the classic steakhouse.

[Smallhold farmers feel under attack](#)

The first thing people would likely notice if transportation to Vancouver Island stopped for some reason would be grocery store shelves going empty.

After that, says Lantzville farmer Dirk Becker, things would get nasty.

[Beyond biofuels, scientists seek uses for byproducts](#)

If Holser, a research chemist, and his colleague Steven Vaughn, a plant physiologist, are successful, they will not only have found ecologically friendly ways to fight weeds and grow grass. They will have found innovative uses for a byproduct of biodiesel production, glycerol. This, in turn, could help transform the biodiesel industry into something that more closely resembles the petroleum industry, in which fuel is just one of many profitable products.

[Heat Waves Are Getting Longer](#)

Researchers studying western European temperature records have found that the length of heat waves there has doubled since 1880, from 1.5 days to 3 days on average. They also say that the number of summer days that are far hotter than the average for a particular date has tripled.

[A little makes a lot?](#)

In comparison with the amount of coal burned for a given electrical generation, the nuclear proponents argue that the amount of uranium required for the same output from a nuclear power station is tiny. This leads to misleading statements intended to reassure the consumer that nuclear power is "home grown" or "indigenous". In comparison with insecure supplies of oil and gas from politically unstable regions, it is claimed that it offers security of supply, because such a small quantity of fuel can be readily procured and stocked.

[A river ran through it](#)

The Murray is the lifeblood of Australia's farming country, a legendary river that thundered 1,500 miles from the Snowy Mountains to the Indian Ocean. Now, it's choking to death in the worst drought for a thousand years, sparking water rationing and suicides on devastated farms. But is the 'big dry' a national emergency, or a warning that the earth is running out of water?

[World Oil Outlook: Rising Consumption & Production Restraints Keep Prices Firm](#)

Continued production restraint by members of Organization of Petroleum Exporting

Countries (OPEC), rising consumption, and moderate increases in non-OPEC supply are keeping oil prices firm. The global oil balance for the remainder of 2007 has tightened since the last Outlook due to lower projections for world oil production and a larger projected Organization for Economic Cooperation and Development (OECD) stock draw in the second half of the year. This situation contrasts with conditions last year, when prices weakened in the second half due to slow consumption growth, rising global inventories, and the absence of hurricane-related oil supply losses. EIA projections for 2008 also point to a tight market, with higher consumption growth in 2008 than in 2007, moderate growth in non-OPEC supply, increased demand for OPEC oil, and limited surplus production capacity, held mostly in Saudi Arabia.

These tight conditions leave the market vulnerable to unexpected supply disruptions, especially as oil inventories are reduced over the coming months.

[New Orleans: Risky business for insurance](#)

New Orleans, which sits an average of six feet below sea level, is slowly dropping into the Mississippi Delta sediment, a fact acknowledged by the Army Corps of Engineers and others who have reviewed land surveys.

Says Robert Hartwig, chief economist at the Insurance Information Institute: "New Orleans is the most vulnerable city in America. Despite the best-laid plans, ultimately Mother Nature is going to have her way."

Indeed, some of the city's most vulnerable neighborhoods are sinking at the alarming rate of an inch per year. The wetlands around New Orleans, a network of marshes and tributaries that once served as protection from the invading Gulf of Mexico, are rapidly eroding.

Sea levels are rising too. As if that weren't enough, recent weather patterns suggest a ten-year period of more frequent and more severe hurricanes in the gulf.

...As for the levees, they won't do much to mitigate the increasing flood risk - even after they are fortified. Why? Because they're sinking too.

[Peaker plants and SF's energy future](#)

What is motivating the powerful but little-known state agency to demand that San Francisco — the only US city with a federal public power mandate — prepare for a future in which energy use continues to grow, conservation lags, the private sector controls the city's power supply, and the city's plans for cutting power use are a failure?

[Ocean gas plan is smart, safe](#)

Competition for limited natural gas supplies is not theoretical. Prices are twice what they

were in 2001 with no end in sight - unless California can secure a new supply of natural gas.

Fortunately, good options do exist. One is OceanWay, a proposed offshore project that would safely import the liquefied natural gas we need to power California's booming economy and hold down heating and electricity costs in the region.

[Sri Lanka: The rise in vehicle numbers](#)

We reported yesterday that 150,000 more vehicles have flooded our roads in the in the first half of this year. According to the Department of Motor Traffic this amounts to a 14,000 increase compared to the corresponding period in 2006.

...While the Government may take pride in this distinction attached to the country it would do well to take cognisance of the downside of this whole development.

It is clear that the country is in the throes of an energy crisis compounded by the rise in world oil prices and the addition of 150,000 fuel guzzling vehicles into the existing volume - and within six months at that - is not a very pleasing prospect.

[Energy Shortages Highlighted in Korean Nuclear Talks](#)

North Korea's need for energy is desperate — and captured in pictures for all the world to see. Now-famous satellite photos show an overwhelmingly dark North Korea at night contrasting with the well-illuminated cities and towns of its rivals South Korea and Japan.

And so it was with that need in mind that negotiators from six countries—the United States, North Korea, South Korea, Japan, China, and Russia—sat down Tuesday at the Korean border truce village of Panmunjom to discuss energy aid that the North will receive if it fulfills its promise to identify and dismantle its nuclear facilities and supplies.

[Ghana: Load shedding takes toll on ECG](#)

The Managing Director of the Electricity Company of Ghana (ECG), Jude Osarfo Adu-Amankwah has disclosed that the current power crisis being experienced in the country was having very serious negative effects on the country's energy infrastructure.

The current situation could reduce the life span of the machines, "Some equipment which is designed to be switched on once a year is now being switched on over 20 and more times in a year and that is putting a lot of stress on the machines," Mr Adu-Amankwah said in an interview after the opening ceremony of a Union of Producers, Transporters and Distributors of Electric Power in Africa (UPDEA) human resource colloquium in Accra.

[Chávez buys \\$500M in Argentine bonds, wants more](#)

Chávez also said Venezuela would invest in a regasification plant for liquid natural gas for Argentina, which is currently weathering an energy crisis. He said the plant could be completed within two years, and local reports said it would cost at least \$400 million.

[A new oil crisis? Not so fast](#)

US Congressman Jim Saxton, ranking Republican member of the Joint Economic Committee (JEC), released on last Thursday a study, "The Strait of Hormuz and the Threat of an Oil Shock", that analyzed Persian Gulf oil shipments, scenarios of oil-supply disruptions, potential market reactions, and their effects on the price of oil and the impact on the US economy.

Contrary to the usual dire warnings one usually sees about threats to Persian Gulf and other regional oil supplies, which have been regularly issued since the Organization of Petroleum Exporting Countries (OPEC) oil embargo of 1973 and subsequently the Russian invasion of Afghanistan in 1979, the study concluded that the increased flexibility and resiliency of the US economy have improved its ability to withstand a temporary oil-supply disruption.

[Putin calls for expanded Russian refining](#)

Russian President Vladimir Putin called for an expansion of the country's oil refining industry.

"National enterprises are substantially lagging behind foreign companies in terms of advanced oil refining and producing the main oil products," he said Monday in a meeting with oil and gas companies. "When producing crude oil, Russia has to buy many petrochemical products, from plastics to chemical fibers.

"Thus, the weak development of our own refining industry results in substantial economic costs," Putin said. "We are missing the opportunity to fill more profitable niches in the world's division of labor."

[Iraqi Kurds approve oil law](#)

Iraq's semi-autonomous Kurdish government approved a regional oil law on Tuesday, paving the way for foreign investment in their northern oil and gas fields even as similar U.S.-backed legislation for the entire country remained stalled.

[Outlawing OPEC Won't Solve US Energy Crisis, Says Expert](#)

America's attempt to force down the price of crude oil through its No Oil Producing and Exporting Cartels (NOPEC) Act of 2007 may not solve the country's energy crisis, an American expert has said.

[6 Russians released in Nigeria](#)

Kidnappers on Tuesday released six Russian aluminum smelter workers kidnapped more than two months ago in restive southern Nigeria.

[Cyprus: We won't be bullied over oil](#)

Nicosia yesterday reiterated that it would not be intimidated into scrapping bids for oil drilling after Ankara stepped up its campaign to halt the process with a direct appeal to United Nations Secretary-general Ban Ki-Moon.

Meanwhile more reports have been emerging that a Turkish oil explorer has been making forays into the eastern Mediterranean. According to the Turkish media, the vessel set off from the port of Alexandretta, but neither its current location nor destination are known. It is believed the ship may be headed for areas adjacent to Cyprus' Exclusive Economic Zone.

[Bad tidings for ethanol](#)

This week's USDA report could be a precursor to another runup in corn prices, spelling bad times for an ethanol industry looking to get off the ground.

[Coral reefs dying faster than expected](#)

Coral reefs in much of the Pacific Ocean are dying faster than previously thought, according to a study released Wednesday, with the decline driven by climate change, disease and coastal development.

[UN: Global warming to hit poor hardest](#)

Global warming will likely hit food production in developing nations the hardest, increasing the risks of drought and famine in the countries that already struggle to feed their populations, a senior U.N. official said Tuesday.

However, a rise in global temperatures would increase food production in most

industrialized countries, which mostly have colder climates, said Jacques Diouf the director general of the United Nations Food and Agriculture Organization.

[Getting started: Time to start fighting global warming is now](#)

The time for debate about whether climate change is happening and whether we humans are largely to blame has passed. It's time to start doing something about it.

That seems to be the message in a report from eight Utah scientists for use by Gov. Jon Huntsman's Blue Ribbon Advisory Council on Climate Change. The report doesn't recommend any particular steps to reduce carbon emissions, but the implications of doing nothing come through loud and clear...



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