



DrumBeat: August 16, 2007

Posted by [Leanan](#) on August 16, 2007 - 9:05am

Topic: [Miscellaneous](#)

[OECD fails IEA reliability test](#)

To correct for earlier over-optimistic forecasts, the International Energy Agency (IEA) has reduced its estimates for non-OPEC oil production by 410 kb/d from second quarter 2007 onwards. This change has been little noticed in the press.

According to the July 13 issue of the IEA's *Oil Market Report*, the original non-OPEC forecasts for 2005 and 2006 proved over-optimistic to the tune of 1.0 mb/d. This discrepancy is mostly due to decreasing OECD production. Moreover, OECD supply has consistently come in below initial forecasts for the past ten years.

This has forced the IEA to introduce what is called a "reliability adjustment", reducing their total non-OPEC forecasts with 410 kb/d, applied from second quarter 2007 onwards.

IEA relies on national forecasts, so who are the culprits? The country-by-country adjustments are as follows...

[High asphalt costs haven't hit Yuma - yet](#)

Larry Brown of Abacus Project Management Inc. assists contractors with bid estimates and is helping with building construction and parking lot expansion at Arizona Western College in Yuma. Brown said rising costs have hit California worse than Arizona but that they are bound to make a local impact soon.

"It's really a man-made shortage," Brown said. "Refiners came up with better techniques for crude oil, which is used in the making of 'hot mix,' used to make asphalt paving ... but now it's also used for diesel fuel."

[Ultra-Deepwater Plan Released](#)

The U.S. Department of Energy has released its 2007 Annual Plan for the Ultra-Deepwater and Unconventional Natural Gas and Other Petroleum Resources Research and Development Program.

[Analysis: Iran gas to Europe a problem](#)

Although a recent deal to transport Iranian natural gas to Europe through Turkey could undermine U.S efforts to isolate Iran's oil and gas economy, it may also provide an attractive alternative to European reliance on Russian supplies.

[Exit Iran's oil minister, and a pipeline too](#)

India's quest to expand the use of natural gas as a major energy source has experienced several recent setbacks.

The prospects for the US\$7.5 billion Iran-India-Pakistan (IPI) gas pipeline took a big hit with the dramatic firing of Iran's oil minister, who had reportedly agreed to sell gas to the two countries at a discount. Further, the Indian government has dramatically reduced the estimated gas reserves of recent finds that were announced with much fanfare.

[Nozari unlikely to favour big oil companies](#)

Working in Opec's second-largest producer could get even harder for international companies after the replacement of Iran's oil minister on Sunday.

[Canada troops assert Arctic sovereignty](#)

"We're here to show the world we'll be watching if they trespass on Canada's Arctic," says Al Fry, HMCS Fredericton's executive officer.

Prime Minister Stephen Harper has vowed to "vigorously protect" Canada's interests in the North, "as international interest in the region increases."

[Prominent Iraqis criticise oil law](#)

A statement, signed by 419 Iraqi oil experts, economists and intellectuals, expresses grave concern that the newly proposed law would deprive Iraq from its most vital natural resource, oil, and give foreign oil companies ultimate domination over Iraq's oil wealth.

[Lagging oil output slows Iraq economic growth](#)

The International Monetary Fund said economic growth in Iraq has been slower than

expected as the violence-wracked country struggles to ramp up oil production above the current 2 million barrels a day.

[Argentine Economy Probably Slowed in June on Energy Shortage](#)

Argentina's economy, the second-largest in South America after Brazil, probably slowed in June as cold weather and a lack of investment in the energy industry led to rolling blackouts and electricity cuts for companies.

[Venezuelan says accord is within reach](#)

Exxon Mobil Corp. and ConocoPhillips may reach a compensation deal with Venezuela's national oil company within weeks over at least \$5 billion worth of assets, the country's chief negotiator said Wednesday.

[Iran's President to Capitalize on Oil Wealth: *When will the country's oil bourse finally start trading?*](#)

Plans to open an Iranian oil bourse to compete with NYMEX in New York and the IPE in London have been continuously deferred for the past two years. At least three deadlines have expired without any progress being made. The bourse, which will be located in the Iranian Free Trade Zone on the island of Kish, is meant to attract international oil trading to the Middle East.

Outside observers say the potential for an oil-trading platform in the Middle East is promising but its main risk will be stability. Oil markets, like currency markets, react much more intensely to political instability than other capital markets. The Iranian nuclear issue won't do the country any favors in creating the best circumstances for a successful oil bourse.

[Greece Prepares for Construction of Russian-backed Oil Pipeline From Bulgaria](#)

Burgas-Alexandroupolis pipeline has been under discussion for over a decade. But the soaring demand for oil and the accompanying high prices have given the project a decisive push. If plans hold to schedule, construction begins in 2008 with oil flowing by 2011. In recent years significant oil reserves have been found in central Asia and shipment by tanker across the Black Sea is a principal means of bringing that oil to European and American markets.

[SCO Seeks Deeper Energy Ties](#)

Russia, China and the Central Asian states are expected to call for an intensification of

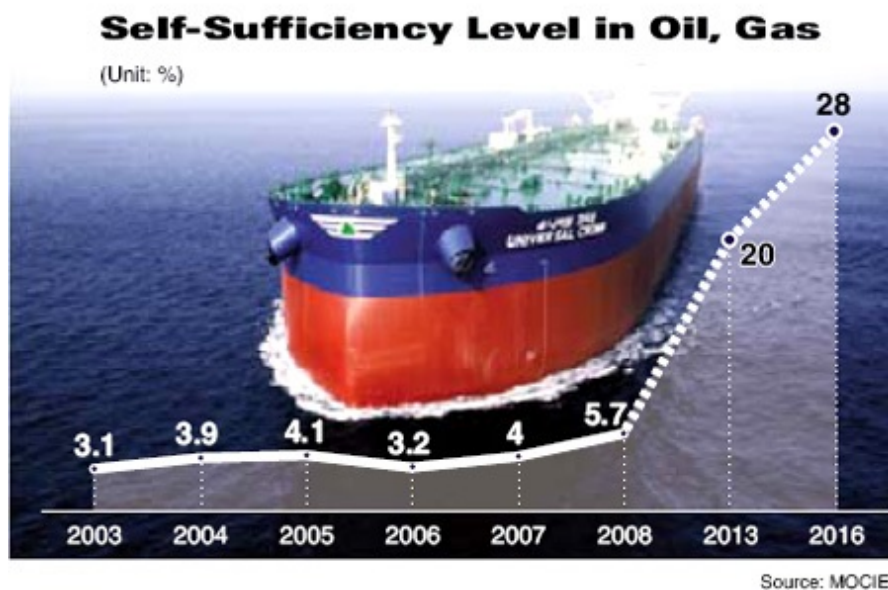
energy ties and multipolarity as their leaders meet at a Shanghai Cooperation Organization meeting in Bishkek on Thursday.

[Zimbabwe: Support Strategies to Mitigate Fuel Crisis](#)

ZIMBABWE'S energy sector is going through its most trying time in the post-independence era.

As far as electricity is concerned, reports indicate that the whole of sub-Saharan Africa is facing shortages this year and beyond.

[Korea Paints 'Hollow' Picture for Energy Development Abroad](#)



South Korea unveiled an ambitious plan last week to raise the "self-sufficiency" level in oil and gas development from the current 3 percent to 28 percent in the coming decade by increasing production of its state-run and private companies abroad.

Without concrete details, however, the government is criticized for only drawing a "hollow" picture amid the intensifying energy war around the world in the 21st century, according to experts.

[ConocoPhillips settles royalties lawsuit](#)

ConocoPhillips has agreed to pay the government \$97.5 million to resolve a lawsuit alleging that a company it acquired last year, Burlington Resources, paid less than it should have in royalties for natural gas produced on federal and American Indian lands.

[Teppco units agree to fuel-dumping fines](#)

Subsidiaries of Houston pipeline company Teppco Partners will pay nearly \$2.9 million in fines for discharging jet fuel, gasoline and oil into streams and rivers in Texas, Arkansas and Oklahoma, federal regulators said Wednesday.

[Mexico's flimsy raft of climate change measures](#)

Latin America's second largest economy is the world's twelfth largest greenhouse emitter. Its annual emissions of carbon dioxide equivalent reach 525.8million tonnes per year, according to the World Resources Institute.

One of the biggest sources of Mexico's greenhouse gas emissions is the use of fossil fuels, such as oil and coal, to generate power. Traffic-related pollution and illegal deforestation are also cited as major contributors to climate change.

[Crown prince of nuclear power](#)

As energy demand rises and costs escalate, and as pressure mounts for developed countries to rein in CO₂ emissions, many see nukes as the only scalable means of churning out cheap electricity and putting a dent in global warming at the same time.

That's one reason hedge funds and other investment firms, which wouldn't touch uranium as recently as two years ago, have snapped up more than \$1 billion worth of the radioactive stuff during the past year.

[Cape Wind foes debate energy project](#)

Vinick outlined economic, navigational and environmental risks to siting an expansive utility-scale wind farm in the sound and pushed for locating turbines in deeper waters.

Gordon pointed to the possibility of greater energy independence for the United States through renewable energy projects such as Cape Wind and asked why not here and now. "The pressure and the price impact on fossil fuels will continue to rise."

[Biodiesel plant stirs hopes in Grays Harbor](#)

The big news at Grays Harbor underscores how the U.S. landscape is being transformed by the rush toward alternative energy. Skyrocketing fuel prices, a desire for reliance on domestic energy sources and concerns over greenhouse gases have created a perfect

climate for biofuel development.

[Water for biofuels or for food: it's one or the other](#)

Biofuels, hailed by many as the green solution to offset a coming oil shortage and reduce greenhouse gas emissions, are not a cure-all solution, experts at a water conference in Stockholm warned this week.

Biofuels, which are made from crops, require huge amounts of water, a resource that is already in short supply in many parts of the world. Bioenergy could thus end up diverting water resources desperately needed for food crops.

[Dave Cohen: For Russia, An End To Growth is In Sight](#)

Russia's resurgent oil production has fueled growth outside of the Organization of Petroleum Exporting Countries (non-OPEC) since 1999. The end is now likely in sight for yearly increases from the Federation. Growth has slowed since 2004, and although most analysts expect increases to continue in the near term, Russia is poised to peak or plateau sometime in the 2010-2012 period. If you are concerned about peak oil, it is necessary to track events in the world's largest oil producer. The eventual outcome is uncertain, but a peak in Russia's oil production in the medium-term seems all but assured.

[Russian scientist calls for fusion research program by year's end](#)

A leading Russian nuclear scientist said the country must adopt a federal targeted program on the research and potential use of fusion power as an alternative energy source by the end of 2007.

[Erin wanes, Dean waxes](#)

Neither the latest five-day forecast nor the latest computer models show Dean as a threat to Florida or the U.S. East Coast, although it could reach the warm waters of the Gulf of Mexico early next week, with its path still uncertain.

[Clash over oil sands inevitable: Lougheed](#)

A war is looming between Alberta and the federal government over pollution caused by oil sands development that will far surpass any previous federal-provincial battle in its political and economic stakes, former Alberta Premier Peter Lougheed predicted Tuesday.

[BP Trinidad commits to natural gas exploration, despite concerns over reserves](#)

BP Trinidad and Tobago has pledged to continue investing heavily in natural gas exploration, dismissing a recent report that found the Caribbean nation's reserves will last only another dozen years.

[There's Money in Oil, Oystermen Find](#)

In an arrangement that is a Louisiana seafood specialty, though one that can't be fried or covered in sauce, an oysterman here in the nation's top oyster-producing state can make as much, if not more, collecting damage settlements from oil companies as from harvesting the bivalves themselves, according to a recent study by two Louisiana State University economists.

[Australia: Coal may be left under city water](#)

UP to \$31 billion worth of coal buried under Sydney's catchment area may never be extracted unless it can be mined without disrupting the city's future water supply.

While the Sydney Catchment Authority yesterday stopped short of proposing a moratorium on mining, it recommended a tougher approval process.

[Gas storage plan may go cold](#)

EXXONMOBIL has again raised doubts over the future availability of hydrocarbon reservoirs in Bass Strait for the storage of greenhouse gases.

[Scrabbling around for plan B](#)

As J.K. Galbraith pointed out in his wry classic *The Great Crash 1929* – required reading for anybody interested in the vagaries of economics, not to mention the funniest work of serious economic history ever written – economic panics offer an unequalled glimpse at the gaping chasm between expectation and reality that opens up when people think they can get something for nothing. It also has real implications for the future of industrial society, since resources flushed down the ratholes of subprime mortgages, speculative hedge funds, and the like will not be available to deal with the pressing needs of an oil-dependent civilization slowly discovering that it's already on the far side of Hubbert's peak. All these are relevant, but the spectacle of empty air opening up beneath yesterday's speculative boom also does a fine job of pointing out one of the most pervasive bad habits of contemporary thought.

...Those who argue that the world still contains ample supplies of oil that just haven't

been found yet, like those who insist that innovation will take care of the problem by pulling some currently unknown technological rabbit out of a hat just in time, tend to respond to such questions as “but what if you’re wrong?” in the same tone of irritated superiority as a Wall Street financier might have done a few months ago if asked what would happen if subprime defaults got out of hand. There’s an oddly incantatory quality to this nothing-can-go-wrong rhetoric, as though it will all work out fine just as long as everybody agrees it will.

[Blaming labor for peak oil problems](#)

Does it cross anybody's mind that the rising price of doing business in Alberta constitutes clear proof that cheap oil's days are over? That this is, in fact, a textbook case illustrating the principle of peak oil? As supply tightens, the pressure to go after more difficult-to-exploit sources of energy will rise, and so, accordingly, will the cost of that energy.

[MMS Says Operators Beginning Evacuation Preparations for Erin](#)

Based on data from offshore operator reports submitted to the MMS, personnel have been evacuated from a total of five production platforms, equivalent to 0.6 percent of the 834 manned platforms in the Gulf of Mexico.

[Petrobras: Oil Fields Beneath Salt Layer Not In Plan](#)

State-run oil firm Petroleo Brasileiro SA, or Petrobras, isn't incorporating in its new business plan production for potentially massive oil resources in ultra-deep fields under a salt layer of the Brazilian shelf.

[Exxon Says Gorgon LNG Too Expensive, May Move](#)

The massive Gorgon liquefied natural gas project off the coast of northwest Australia can't go ahead at current cost levels and may be moved from its proposed location at Barrow Island, Credit Suisse analysts Wednesday cited Exxon Mobil Corp. Chief Executive Rex Tillerson as saying.

"All aspects of Gorgon are being looked at, up to and including moving the site from Barrow Island (presumably to onshore)," Credit Suisse analysts Mark Flannery and Edward Westlake said in an email to clients after a 90-minute meeting with Tillerson Wednesday in New York. We "may know more by the end of the year, but all partners are agreed that it cannot go ahead at current cost levels," Credit Suisse said, paraphrasing Tillerson's comments.

[Are You Scared?](#)

Some suggest that efforts to reshape today's world are pointless when today's world will not exist in ten years. This view holds that "peak oil" will impose an inescapable world-changing transition to the "post-carbon" era. Without abundant cheap oil we will all be living local existences. Washington will be far away and insignificant in our lives. Wal-Mart will cease to exist due to the rising costs of materials and transportation. Sporadic or absent electricity will place a premium on manual skills and hand labor. The food we eat and much of the material goods we use in daily life will come from our local economy, and the Washington power crowd will be a vanishing relic of the past.

While I respect this view and believe that peak oil will drastically change all our lives, I also believe that there is time before the worst effects are felt. Now more than ever we need responsible collective action to begin making preparations, investing in alternative energy, and promoting sustainable living. The ruling class also sees these changes coming, but their response is to secure maximum assets for themselves, squeeze our economy for their short-term gain, and leave the common people to scrap among themselves.

[Charitable Efforts for the Environment](#)

While modern nations focus efforts on reducing pollution, little effort is directed at poor nations, which include most of the world's people. Controlling pollution in poor nations is a low priority, and understandable considering the challenge to provide food, clean water, and basic health care to all citizens. However, there are simple steps that can greatly reduce pollution in poor nations at little cost. Environmentalists should push government and charitable organizations on three issues: the mass production of solar cookers, ban plastic shopping bags, and force refiners to produce clean diesel fuel.

[Wave and Tidal Energy Rise](#)



Your perception of the new world of energy is flawed. If you're like most of the public, you've swallowed the Kool-Aid that the existing energy regime is giving you. Namely, that ethanol, coal-to-liquids, and liquefied natural gas will save you. Wrong!

Our best hopes for energy independence (or more properly put, a "local energy base") aren't power supplies that can be loaded into tanker trucks or onto barges. Off the northern coast of Scotland, the turbulent waters of the North Sea deliver their best energy yields not when man-made devices move them, but rather when they move man-made devices.

[Absentee owners lease their farmland](#)

Because of changing demographics and rising farmland values, more farms are ending up in the hands of urbanites who have never worked the fields and probably never will. These owners hire management companies to lease the land to farmers and collect the rent or share of the crop.

For widows and children who inherit farmland, keeping it can make more financial sense than selling it. They don't have to pay capital gains taxes and can expect an annual income. Many, such as Millman, hang on to it largely because they have a sentimental attachment to land that's been in the family for more than a century.

For a growing number of investors, cornfields have turned into gold mines because of the surge of interest in ethanol.

[British climate bill nearing completion](#)

Britain is likely to put forward legislation within three months to cut carbon emissions by at least 60 percent in the fight against global warming, environmentalists said on Wednesday.

[Aviation greenhouse curbs may fall short: experts](#)

The aviation industry may be more damaging to the environment than widely thought because aircraft not only release carbon dioxide but they also produce other harmful gases that warm the earth, experts said.

[Hope on Climate Change? Here's Why](#)

In the field of environmentalism -- where brows tend to be frozen in furrow and despair is a professional credential -- Gregg Easterbrook of the Brookings Institution is notable for his optimism. And one cause of his sunniness is smog in Los Angeles.

[Global Warming Simplicities](#)

The global-warming debate's great unmentionable is this: We lack the technology to get from here to there. Just because Arnold Schwarzenegger wants to cut emissions 80 percent below 1990 levels by 2050 doesn't mean it can happen. At best, we might curb the growth of emissions.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](#).