



DrumBeat: September 19, 2007

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Topic: [Miscellaneous](#)

[Dawn in the Desert - Saudi High Tech Paying Off at Ghawar Oil Field](#)

By any measure, Saudi Arabia's Ghawar, the world's largest oil field with roughly 5 million barrels of daily output, holds an unparalleled significance to the future of global oil supplies. The Haradh area constitutes the southernmost portion of the giant Ghawar complex, and what makes Haradh uniquely interesting is its role as a launching pad for a new era in reservoir management – technology-intensive, smart, and real-time.

Against a backdrop of many international upstream projects straining to achieve their target production levels and intended plateaus, Haradh III reached its planned production capacity of 300,000 barrels per day well ahead of schedule, and the field's performance more than 18 months since its start-up exceeds virtually all pre-project goals.

[Oil at new records for 7th straight day](#)

Oil prices reached record highs for the seventh straight session Wednesday after refineries in California and Texas said they had new outages and the government reported surprisingly large declines in oil inventories.

[Oil will hit \\$100 but probably not in 2007: Pickens](#)

Oil will continue to trend higher after hitting fresh highs over \$82 a barrel but is unlikely to puncture the \$100 level this year, Texas oilman and investor T. Boone Pickens said on Wednesday.

"You'll hit \$100 -- I don't think you'll hit \$100 this year unless you have some kind of geopolitical event that causes that to happen, but you're going to get to \$100 at some point," Pickens told Reuters in New York.

[Oil-rich Gulf states follow U.S. interest rate cut](#)

Oil-rich Arab states in the Persian Gulf followed the U.S. Federal Reserve's interest rate

cut Wednesday, raising concerns about rising inflation in the region that pumps a fifth of the world's crude.

[Magellan Midstream adding to three terminals: More capacity is planned in Tennessee, Delaware and Louisiana](#)

Magellan Midstream Partners LP announced \$85 million in expansion projects Tuesday that will increase its terminal storage capacity by 1.4 million barrels.

[Gazprom ready for dialogue on EU energy supply reliability](#)

Gazprom is ready for constructive discussions on Russia's reliability as an energy supplier to Europe, the Russian gas giant's press secretary said Wednesday.

Sergei Kupriyanov's comments follow the European Union's announcement earlier this week that Gazprom and other companies outside the EU would face restrictions in buying up energy assets in the 27-nation bloc. The state-controlled giant currently supplies 25% of Europe's gas, and has purchased stakes in EU energy companies.

[Seattle neighborhood excited to ride the SLUT](#)

Officially, it's the South Lake Union Streetcar. But in the neighborhood where the new line runs, it's called the South Lake Union Trolley — or, the SLUT.

The \$50.5 million project should be completed with streetcars running in December. Underlying the lighthearted opposition, however, is resentment over changes in the old working-class neighborhood.

“There was a meeting with representatives from the city several years ago,” Johnson recalled.

“They asked us, ‘What we could do for you?’ Most people raised their hands and said, ‘Affordable housing,’” he said. “Then the people from the city huddled together — ‘whisper, whisper, whisper’ — and they said, ‘How about a trolley?’”

[Former Pdvsa CEO shows concern about production level](#)

Luis Giusti, former CEO of Venezuelan state-run oil firm Pdvsa, said the statements made by the former Chairman of the Federal Reserve Alan Greenspan about the Venezuelan oil industry confirm his view that Pdvsa oil production has collapsed.

"The industry is faced with a process of drastic deterioration. I wish people only thought what the collapse of Venezuelan production means. This is dramatic. Pdvsa has dropped

2 million bpd," said Giusti.

[Journalist Paul Syvret on politics, peak oil and mitigation](#) (podcast)

Paul Syvret, assistant editor and columnist for the *Courier Mail* newspaper in Australia, talks to GPM's Andi Hazelwood about the forthcoming report on "Queensland's Vulnerability to Rising Oil Prices." Syvret also discusses his coverage of peak oil in the *Courier Mail* and other News Corp. publications and his own thoughts on peak oil and mitigation strategies.

[Curbing consumption: the price of oil and gas supply gaps](#)

As long as energy prices remain affordable for the general public, who needs to be concerned about depleting oil and natural gas reserves? That's a dangerous attitude to have in today's energy environment, suggests the Association for the Study of Peak Oil & Gas (ASPO)-USA.

[Problematic power grid plagues Iraqis](#)

Mohammed Ismail spotted trouble earlier this year inside one of Iraq's biggest power plants: soot was building up inside a generator.

Ismail, a contractor who manages a repair project at Baghdad's Dora power plant, says he urged Iraqi officials to shut the generator and clean it. But the Ministry of Electricity refused, he said, because it didn't want to turn off a generator that supplies enough electricity to power about 100,000 homes.

The generator caught fire in April and was closed for repairs that took nearly four months, becoming yet another example of the woes plaguing Iraq's electric grid. Despite nearly \$4.7 billion spent by U.S. taxpayers since 2003 on fixing the system, insufficient maintenance, sabotage and other problems mean that residents of Baghdad get an average of just eight hours of power per day.

[Gore highlights world population fears](#)

The ballooning world population and the dizzying pace of technological change have helped turn mankind into an environmental "bull in a china shop", says climate crusader Al Gore.

The former US vice-president said the world population has quadrupled in 100 years.

[Foreign company to operate Mexico oil pipeline](#)

The handing over of the Mexican Oil Pipeline (PEMEX) network to a foreign private enterprise is closer today and depending on when that right will be granted this year.

[Tesco Slaps 3P On Fuel If You Give City A Miss](#)

Supermarket giant Tesco was last night accused of cashing-in on rural communities by charging a premium for petrol at its new store in the north-east.

Customers filling up at the Tesco pumps at Ellon, Aberdeenshire, yesterday paid 94.9p a litre for petrol while prices at the chain's main store in Aberdeen - just 16 miles away - were 3p cheaper at 91.9p.

[Exodus for a place in the sun](#)

When it comes to renewable energy, Australia is losing some of its best researchers and ideas.

[Irish energy minister says oil rationing “common sense” \(podcast\)](#)

Ireland's Minister for Communications, Energy and Natural Resources has claimed that some form of energy rationing system would be a “common sense approach” to the twin challenges of peak oil and transport carbon emissions. Speaking on the sidelines of a conference held by the Association for the Study of Peak Oil in Cork, Eamon Ryan argued that it would be politically difficult to raise carbon taxes high enough to cut booming oil demand in Ireland, and confirmed that his government is investigating the possibility of introducing some kind of energy rationing scheme, perhaps starting with transport. Ryan, whose Green Party formed a coalition with Fianna Fail in July, is one of the first Western energy ministers to publicly acknowledge peak oil. In a lengthy interview with Lastoilshock.com, Ryan went on to discuss Ireland's particular energy vulnerability, and plans to transform the country's transport system.

[Why oil prices are at a record high](#)

Real and threatened disruptions to crude oil supplies, constraints at refineries in consuming countries, resilient demand and a flow of investor money into oil have fuelled the rally from a dip below \$50 at the start of the year.

[Peak Coal? Analyst Sees Demand Outpacing Supply](#)

The 25 million-ton surplus of coal will be erased, and replaced with a 103 million-ton

deficit by 2020, according to a forecast of Asia-Pacific coal demand by UBS Investment Research Associates and written about in Business World.

[POLL - Asia thermal coal price to set new record in '08](#)

Contract prices for thermal coal between Australian producers and Japanese utilities are seen rising by more than 15 percent in 2008, due to reduced Chinese supplies and Australia's port constraints, a Reuters poll showed.

Prices for Asian thermal coal may jump to a record high of \$64 a tonne in the 2008 Japanese fiscal year, versus this year's agreed price of \$55.65, the median forecast of 10 analysts found. Estimates ranged from \$59 to \$70 a tonne.

[Yemen: On rising gas prices and greedy vendors](#)

For the past couple weeks, propane gas has been prohibitively expensive and to make matters worse, propane vendors have been hoarding their supplies like pack rats, waiting for prices to rise even higher. Their assumption is that the public will be so hungry two or three weeks from now that we'll be willing to write gas vendors into our wills of inheritance for a tank or two.

So, now, many people are facing threateningly low supplies of propane gas to cook their meals with — during Ramadan, no less — when coming home to an empty tank of propane could drive a person over the edge. How can the government expect civil obedience when citizens can hardly find or afford cooking fuel?

[Petrol shortage cripples Sikkim](#)

About 30,000 taxi vehicles in Sikkim are running short of fuel for the last few days due to the restriction on heavy vehicles to drive on the NH, 31A road from Gangtok to Sevoke.

However, 50 per cent of Gangtok taxis have reportedly stopped plying on the road due to the crisis, which has caused chaos in the state. All the heavy vehicles, including petrol tankers, are stranded on either side at the 27th Mile, Lepcha Jhora near Chittrey and Tarkhola, which were not allowed to enter Sikkim due to the overload as several cracks appeared on the NH, 31A road made by incessant rain.

[Monks on march again in restive Myanmar city](#)

Nearly 1,000 Buddhist monks marched through the Myanmar city of Sittwe on Wednesday, a day after soldiers fired tear gas and warning shots to scatter a similar

protest against the ruling generals, a witness said.

Urging thousands of bystanders not to join in, they staged a sit-in outside the local government offices to demand the release of two men sentenced to two years in jail for giving water to monks protesting against soaring fuel prices last month.

[Iraq fuels shortage threatens fishermen](#)

Fishermen in south Basra warn Iraq's growing fuel shortage is threatening their ability to work, an impending crisis that will exacerbate unemployment.

"The fishermen are about to quit their jobs due to the scarcity of fuel necessary to operate the fishing boats," Badran Issa, head of the al-Sindbad fishing association in al-Fao told the Voices of Iraq news agency.

"Some 6,000 fishermen have lost hope of getting the fuel they need in order to set sails for fishing, particularly after the fuel ration they receive was cut as of May 1, 2007," he said, adding his colleagues are forced to the black market to buy fuel at \$100 per barrel.

[UK: "Hold off October fuel duty increase to help retailers", pleads RMI Petrol Retailers Association](#)

"With both oil prices and interest rates on the rise, the Government must postpone the fuel duty increase scheduled for 1 October, or risk putting undue financial strain on motorists and petrol retailers alike," according to Ray Holloway, director of the RMI Petrol Retailers Association.

[Fuel prices may push ferry fares higher](#)

For each \$1 increase in the price of a barrel of oil, there is a corresponding \$96,000 per year increase in fuel costs for the Steamship Authority, according to the agency's treasurer Robert Davis. Yesterday the price of oil topped \$81 a barrel for the first time. The difference could add almost \$1 million to the projected \$74.5 million 2008 operating budget.

[How Russia is Nationalized: The Oil Sector](#)

The processes of nationalization in the oil sector are more visible than others and filled with more drama. Still, the state's desire to capture an ever larger slice of the industry's income seems logical. But often the methods and appetite of the state companies contradict this logic.

[Iran government withdraws \\$4.7b from Oil Stabilization Fund](#)

Iran's government withdrew 42.054 trillion rials (\$4.7 billion) from the Oil Stabilization Fund (OSF) in the first four months of the current Iranian year (started March 21), the Ministry of Economic Affairs and Finance reported here on Wednesday.

The figure shows a 37 percent fall when compared to that of the same period in previous year which was 66.88 trillion rials (\$7.2 billion).

[Lukoil, PDVSA to construct refinery](#)

Russian oil producer Lukoil plans to build a refinery in Venezuela with the South American country's state company to process heavy oil from the Faja de Orinoco region.

[Trouble anew in southern Sudan](#)

Khartoum's unwillingness to budge over oil fields in southern Sudan, despite the 2005 peace deal, is causing concerns of a possible renewed north-south war that could also doom Darfur.

[India to Double Ethanol in Gasoline](#)

India will double the requirement for ethanol-blend gasoline and lift a ban on direct production of the biofuel from sugarcane _ measures intended to reduce the country's sugar stocks and address rising fuel demand.

[China cuts back on ethanol expansion](#)

As Beijing balks at using grain crops for its local ethanol production, one of China's largest biofuel producers, China Agri-Industries Holdings Ltd. has decided to put on hold plans to build three of its five proposed ethanol plants in the country.

[Where's the water to grow biofuels?](#)

The fact is that there is now almost equal global concern over water as there is over energy. The International Water Management Institute (IWMI) has just completed a five-year study of the global water scenario. According to the study, both India and China are in the danger zone when it comes to water; they are using 60 per cent of their entire potential usable water for human purposes. They are approaching 75 per cent, which is the threshold for being considered to be facing water scarcity. It has been estimated that by 2030 Indian cereal demand will go up by 60 per cent from present levels, requiring 84,000 billion litres of water. By then it will require 9 billion litres of

ethanol to meet 10 per cent of the country's petrol needs, adding 22,000 billion litres or about an additional 26 per cent to the country's water needs. Do we have that much or water?

[Kicking Your Head to Get Rid of a Headache: Palm Oil and the Imminent Extinction of the Orangutan](#)

The orangutan, the largest tree-living mammal on the planet, is in crisis. Once a mighty orange army of 300,000 that swung through the dense forests of South East Asia, conservationists say the population has dwindled to fewer than 25,000 concentrated on the two Indonesian islands of Borneo and Sumatra. There, they cling precariously to existence on government-protected nature reserves under siege by developers of one of the world's most lucrative commodities: palm oil.

[BP pulls non-essential crew from US Gulf on storm](#)

BP said Wednesday it was evacuating nonessential workers from oil rigs in the Gulf of Mexico due to the threat of a storm.

[Shell Starts Evacuating Gulf of Mexico Staff as Storm Looms](#)

Royal Dutch Shell PLC said it has started evacuating non-essential staff from its offshore Gulf of Mexico facilities.

"Precautionary evacuation" of 300 workers happened on Tuesday, based on the "potential development of (a) tropical disturbance", Shell said. "We are planning to evacuate approximately 400 more (today)," it said.

The evacuation has no impact on the site's oil and gas production, it added.

On Tuesday, the US National Hurricane Center was closely monitoring two storm systems, one [just east of Florida](#) and the other in the central Atlantic.

[The Oil Scam Driving Crude Over \\$80](#)

The truth is that 257M barrels of oil for October delivery were bought AND sold on the NYMEX, which started the day with 197,270,000 barrels yet, strangely, suspiciously even, at the end of the day orders for oil to be delivered in October dropped to 171,442,000 barrels. How can the price of something go up while the demand for it goes down? COLLUSION. Collusion is "a secret understanding, esp. for a fraudulent purpose." Yep, that pretty much describes it in a nutshell.

[Shell goes on Gulf oil spending spree](#)

Oil major Royal Dutch Shell has gone on a buying spree for Dubai crude this month, pushing up prices for the benchmark Middle East grade, which traders say will hurt Asian refiners already burdened with record costs.

[Analysis: Iraq, oil and Greenspan's Gospel](#)

History and reality cap the fallout from former Fed Chairman Alan Greenspan's one-liner in his new book that the war in Iraq is "largely about oil."

The mere 20 words in the 500-plus page memoir elicited much media hype and a prompt defense from the Bush administration. Greenspan used the media circuit to qualify -- though not contradict -- what he originally wrote.

[Oil-industry execs to hold town hall on energy here](#)

Oil-industry executives will field questions on future energy demands at a UA-area town hall this evening, the second such visit by oil companies to Tucson this summer.

The ConocoPhillips visit comes less than a month after Shell Oil's president spoke at the University of Arizona about the United States' future energy demands and the need to invest in more renewable-energy sources.

[No War, No Warming, Rise Up!](#)

The US and the world are in a deepening energy crisis. Easily accessible oil and natural gas are getting hard to find even as the demand for and competition over energy throughout the world accelerates. There is agreement among those who study this issue that we are either right at or very soon will be at "peak oil," a point where as much oil that is in the ground will have been found and used as there is oil still remaining. And the big problem is that those remaining reserves are getting harder and more expensive to bring out of the ground.

There is a common sense solution to this dilemma. Instead of war in Iraq escalating into war with Iran and who knows where else, the US could lead the world by using its technological know-how and resources to advance a worldwide clean energy revolution. We could rapidly undercut the appeal of Al-Qaeda by withdrawing our troops from the Middle East and promoting, instead, huge solar energy farms in this sun-drenched region of the world. We could help the formerly colonized countries of the Global South who are currently developing their economies by using greenhouse gas emitting coal or dangerous nuclear power. We could help them shift to renewable energy technology to obtain energy via solar panels, wind turbines, the tides or the earth (geo-thermal).

[Instant insight: A bright future](#)

Andy Benniston at Newcastle University, UK, explains how photocatalysts could provide the answer to the planet's energy crisis, and reduce CO2 emissions while they're at it.

[OPEC'S export capacity to fall - Driving oil prices to US\\$100 barrel in 2008, forecasts leading oil economist at global energy conference](#)

Oil prices are likely to hit US\$100 a barrel by the end of next year as soaring rates of domestic oil consumption in the world's leading oil producing nations cuts into their export capacity, forecasts the chief economist at CIBC World Markets.

Speaking at the 6th Annual Association for the Study of Peak Oil & Gas conference in Cork, Ireland, CIBC World Markets chief economist, Jeff Rubin told delegates that the export capacity of OPEC, Russia and Mexico will drop by 2.5 million barrels per day by the end of the decade. "Domestic demand growth of as much as five per cent per year in key oil producing countries is already beginning to cannibalize exports and will increasingly do so in the future as production plateaus or declines in many of these countries," says Mr. Rubin. "OPEC members together with independent producers Russia and Mexico consume over 12 million barrels per day, surpassing Western Europe to become the second largest oil market in the world.

"At current rates of domestic consumption the future export capacity of OPEC, Russia and Mexico must be increasingly called into question. These trends are likely to result in a sharp escalation in world oil prices over the next few years."

[Kirkuk pipeline attack sets Iraq oil back](#)

The international oil market will still have to rely on Basra to supply Iraq's oil exports as an apparent attack shuts down the Kirkuk-Ceyhan pipeline again.

The pipeline is key to increasing Iraq exports, providing the capacity to increased production. The Bush administration, during benchmark stump speeches last week, held up the newly reopened pipeline as a success story.

[Oil Exec: Coherent Energy Policy Needed](#)

Lack of a coherent U.S. energy policy threatens to feed into a sense of "energy insecurity" in this country, the president of Shell Oil Company said Tuesday. John Hofmeister told local business leaders it doesn't have to be that way.

"We have seen our country pass, in my opinion, the tipping point of energy supply

keeping up with energy demand in ways that secure our future," he said.

[The Real Impact of Sanctions Against Iran: Interview with Chris Cook, inventor of the Iran Oil Bourse](#)

The next few days, the world will be holding its breath as the U.S. is drumming up support for highly controversial sanctions against Iran. The implications of such a move could be potentially disastrous and it's likely we'll see a showdown of who holds what kind of power and where on the planet. In a bizarre twist of fate, a UK consortium that is involved in developing the Iran Oil Bourse (IOB), might stand to benefit from sanctions.

[Canadian panel calls for major hike in Alberta's oil sands royalties](#)

A government-appointed panel reviewing Alberta's energy royalties called Tuesday for the oil-rich Canadian province to increase its total take from the energy industry by 20 percent a year, or roughly \$2 billion Canadian (US \$1.97 billion; €1.42 billion).

The report by the provincial panel targets Alberta's oil sands projects in particular and says royalties have not kept pace with world energy markets.

[Basra oil fuels fight to control Iraq's economic might](#)

The province sits on as much as 20 percent of the Middle East's oil reserves.

[Big oil's waiting game over Iraq's reserves](#)

In Iraq, oil companies face a dilemma. They can wait for the central government in Baghdad to agree a new oil law that will give them a legal framework in which they can operate, and for the security situation to become manageable.

Or they can press ahead and sign agreements with the Kurdistan Regional Government, the authority in the autonomous north of Iraq, at the risk of souring relations with Baghdad and shutting themselves out of deals in the rest of the country.

It is a decision that has so far divided the smaller operators from the majors.

[Renewable energy stocks hit](#)

Renewable energy and clean technology stocks hit a peak in mid-July after a stellar first half of 2007 saw the Nex index of clean energy shares gain 30.9 per cent in the first six

months of the year, against increases of 6.0 per cent for the S&P 500 and 7.8 per cent for Nasdaq.

[EU sets up 50 million euro fund for poor nations to fight global warming](#)

The European Commission on Tuesday announced the creation of a fund to help developing nations battle climate change, putting in 50 million euros (69 million dollars) itself to kick it off.

[Scientist warns of climate change impact](#)

Climate change could mean higher temperatures, less winter precipitation and less spring runoff for the Southwest, a climatologist says.

[Ban urges countries on global warming](#)

The science is clear and the time short, but the political will is lacking to confront global warming, the U.N. secretary-general said Tuesday.

Ban Ki-moon said he hoped next Monday's "climate summit" here will help galvanize leaders to take action "before it is too late."

[SEC Pressed to Require Climate-Risk Disclosures](#)

One of the industries considered most vulnerable to climate change is the insurance industry, with shifting weather patterns threatening property in the nation's most hurricane-prone areas.

Yet in its 345-page annual financial report filed with the Securities and Exchange Commission this year, Allstate, which insures one out of every eight homes in the United States, did not mention climate change, global warming

[Greenland's Jakobshavn glacier sounds climate change alarm](#)

The chaotic cavalcade of blueish ice tumbling into the sea from the world's fastest-moving glacier is sounding a daily climate change alarm, say scientists ahead of International Polar Day on Friday.

The Jakobshavn Glacier, on Greenland's west coast, is melting twice as fast as 10 years ago and advancing toward the sea at 12 kilometres (seven miles) per year, compared with six kilometres (three and a half miles) before.



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