



## DrumBeat: September 26, 2007

Posted by [Leanan](#) on September 26, 2007 - 9:03am

Topic: [Miscellaneous](#)

### [Market Eyeing What OPEC Does, Doesn't Pump](#)

Ministers didn't overtly play up the method for arriving at the new production ceiling. As with the output cuts agreed last October and December, intended to take 1.7 million barrels a day from the market, OPEC pegged the baseline for the cuts to market reckoning of the group's output, not outdated formal output quotas.

But in an unexpected step, OPEC ministers have released a new list of national output allocations that shake to their core some claims of recent production levels. OPEC had fudged the details of prior deals by only quoting the volumes of reductions, or the level of the new collective output ceiling.

### [The end is nigh. Be positive](#)

We are being drawn in at least three directions by suspicions of an impending apocalypse. The "business as usual" denial that has been the dominant response until recently is giving way to nihilism, fundamentalism and activism. My intention is to explain the way that people, individually and collectively, can respond very differently to the same perceptions of threat and hazard.

### [Saudi Arabia rules out revaluation of currency](#)

Saudi Arabia on Wednesday ruled out revaluing its dollar-pegged riyal saying currency stability was important for investors in the world's largest oil exporter, and would be concerned if the dollar fell 'substantially.'

### [Iran gets over 70% oil income in non-US currencies](#)

Iran has boosted the income it gets from crude oil sales in non-US dollar currencies to more than 70 percent, an oil official said.

A switch in payment by Nippon Oil and other Japanese refiners to yen has helped the Islamic Republic towards its goal of maximising oil revenue in currencies other than the

dollar while the greenback stays weak.

### [U.S. GAO to Study Effects of Refinery Outages](#)

The U.S. Government Accountability Office (GAO) will next month begin a study on how refinery outages, anticipated and unintended, affect fuel prices.

### [Big Oil's Project Costs No Longer Sticker Shock for Wall St](#)

In 2005, Royal Dutch Shell PLC (RDSA) disclosed a cost overrun of roughly \$10 billion at its giant Sakhalin 2 project in Russia, a disclosure that shocked the market and embarrassed the oil giant.

Last week, after much delay and hand-wringing over swelling costs, Shell and partner Saudi Aramco green-lighted a \$7 billion project to expand the jointly-owned Motiva Enterprises LLC refinery in Port Arthur Texas. Motiva had previously estimated the project cost at \$3.8 billion.

### [Fistfuls of cash, and spending it badly](#)

PrimeWest, one of the country's largest energy trusts, which yesterday sold for \$5-billion to a state-controlled company from Abu Dhabi. Yes, the sheiks of the Middle East are coming after our oil and gas, and far from being a national disaster, it's a blessing, if these are the prices they're willing to pay. Dumb money can be a beautiful thing.

### [Brazil: Energy profile](#)

Brazil has experienced rapidly expanding oil, natural gas, and electricity consumption in recent years.

### [India: Produce or perish, Oil Ministry tells ONGC](#)

Oil and Natural Gas Corp, nation's largest oil and gas producer, will become a marginal player if it did not set right its priorities and produce more hydrocarbons, Oil Ministry has warned the state-run firm.

In a stinker of a message at the firm's Strategy Meet at Agra on August 25-26, Petroleum Secretary MS Srinivasan said ONGC should stick to its core business of producing hydrocarbons and not divert resources for diversification plans like power and refinery projects.

### [Uganda, Congo boats clash on oil-rich lake](#)

The Ugandan army exchanged fire with a Congolese boat on oil-rich Lake Albert and several people were killed and wounded in the clash, officials said Tuesday.

Accounts of Monday's incident differed, with the U.N. saying six died and the Ugandan army putting the toll at one dead. The lake has long been a source of tension between Congo and Uganda.

### [Gaia guru urges ocean pipes to fix Earth's climate](#)

A series of giant pipes in the oceans to mix surface and deeper water could be an emergency fix for the Earth's damaged climate system, the scientist behind the Gaia theory said on Wednesday.

James Lovelock, whose Gaia hypothesis that planet Earth is a living entity has fuelled controversy for three decades, thinks the stakes are so high that radical solutions must be tried -- even if they ultimately fail.

### [Calls grow for EU biofuel rethink](#)

The influential European Economic and Social Committee (EESC) is this week expected to call on the European Commission to reassess its target for ensuring 10 percent of road fuels come from biofuels by 2020.

### [Lula's push for biofuel criticised](#)

Environmentalists and farmers have criticised Luiz Inacio Lula da Silva, the Brazilian president, for promoting the use of biofuels as the answer to global warming.

### [Biodiesel boom heading toward Wall Street](#)

These days biodiesel isn't just good for the environment - it's good for the bottom line. The U.S. market for the combustible stuff has more than doubled every year since 2004 and will hit \$1 billion this year. The number of retail pumps nationwide has grown from 350 in 2005 to more than 1,000 today.

### [ASPO 6. In Praise of... #3. Ray Leonard.](#)

Ray Leonard of the Kuwait Energy Company was the speaker who, for me, stole the show. He offered, prefaced with a few caveats, insights from within the oil industry, setting out how what the oil industry tells the public and what it actually thinks are very different. One got a sense from listening to Leonard of the degree of profound unease behind closed oil company doors, as year after year they have to downsize their declared reserves and find themselves less and less able to be optimistic.

### ['Tips' for employees spark ire in automobile industry](#)

In a time when \$3-plus gas prices are looking more and more inevitable in the summer, and when some are pointing to vehicle emissions as potential contributors to climate change, it seems like a sensible, helpful subject to cover. But when HHS put forth some recommendations of specific car models, it sparked some ire in the cradle of the domestic auto industry.

Michigan's entire 15-member delegation to the U.S. House of Representatives wrote HHS head Mike Leavitt to express alarm at the recommendations.

"The memo advises employees to buy smaller sedans instead of popular sport utility vehicles (SUVs); discusses how automobiles are responsible for air pollution, oil spills, pollution of our water supplies and damage to natural habitats; and includes a "Top 12" list that fails to include any vehicle made by a U.S. automobile manufacturer," wrote the House members.

### [Bingaman, Rahall Press Interior on Royalty Management](#)

Prominent House and Senate Democrats are pressing Interior Secretary Dirk Kempthorne to respond to "troubling questions" about royalty management they say are raised in a new report by the Interior Department's inspector general.

The report points to "conflicting roles and relationships with the energy industry" at Interior's Minerals Management Service and "systemic communication failures" that stymie federal auditors' royalty collection efforts, according to a letter to Kempthorne sent yesterday from Sen. Jeff Bingaman (D-N.M.) and Rep. Nick Rahall (D-W.Va.). They chair the Senate Energy and Natural Resources Committee and the House Natural Resources Committee, respectively.

### [Private sector and toll financing can help with funding new roads and bridges](#)

Like most states these days, Oklahoma faces a serious shortage of funds to maintain, repair, and expand its highway system. The principal highway funding sources — state and federal fuel taxes — have not kept pace with inflation, rising construction costs or the extent of driving.

One alternative to either doing nothing or sharply increasing fuel taxes is to use toll

finance to pay for new lanes and new roads in areas where demand is greatest. Other states and other countries have had considerable success with public-private partnerships for such toll projects. This is an alternative Oklahoma should seriously explore.

### [Smaller Oil Companies Fuel UK's North Sea Revival](#)

Tax changes and investment incentives are transforming the landscape of Britain's North Sea -- reinvigorating Europe's second-largest oil basin after Norway and raising hopes that its long decline may slow.

The revival has taken many in the industry by surprise, because when the government in 2005 announced it would raise taxes on oil production, big international companies warned the move would discourage investments.

### [Cost, abuse and danger of the dollar](#)

Oil buyers from all over the world hand over their yens, crowns, francs and other currencies. They receive greenbacks in return. With those dollars they go and buy oil in the OPEC-countries. The OPEC-countries will spend the money again. Of course, they can do that in the US, but also in all other countries in the world. Everybody wants dollars, for everybody will need oil again.

### [Budget rapped in probe of Mexico blasts](#)

Interior Minister Francisco Ramirez Acuña told a congressional hearing Tuesday that a series of sharp cutbacks at Mexico's top intelligence service has hindered authorities in their efforts against a leftist guerrilla group that has been bombing oil pipelines.

### [Nepal: Acute fuel adulteration taking its toll](#)

Fuel adulteration has become acute even as shortage and black marketing of petrol remains unabated since the past three weeks.

Automobile engineers and senior technicians at leading workshops in Kathmandu Valley said they are attending to adulteration-caused damages as never before. Consumers lamented that even the few liters of petrol they manage to get hold of is costing them dearly in terms of maintenance and repairs.

### [Ghana: Bakers Protest Against Hike in Flour Price](#)

According to the Public Affairs Officer of the company, Adwoa Mensima Sey, the increase became necessary due to a 35% increase in wheat prices internationally over the last few months largely due to the demand for products like wheat and maize for the production of bio-diesel fuel.

### [Kazakh Lawmakers OK Bill So Govt Can Break Oil Deals](#)

Kazakhstan's lower house of parliament Wednesday approved a bill that gives the state more power over contracts on subsurface resource use, Russian news agency Interfax reported.

The bill, which amends the law on subsurface deposits and their use, allows the state to revise the terms of a contract at a strategic deposit if the economic interests of the state have been impacted, Interfax said.

### [Nuclear, Biofuel, Oil Sands Needed to Cut Emissions, Shell Says](#)

Governments must allow energy companies to produce fuels from all sources as lawmakers find the best solution to curb emissions blamed for climate change, a Royal Dutch Shell Plc executive said.

Wind farms are expensive, nuclear stations have difficulty dealing with waste, biofuels boost food prices and oil sands produce even higher emissions than oil, James Smith, chairman of Shell's U.K. unit, said yesterday in Oxford, England.

"Energy demand is going to continue to accelerate," Smith told a climate debate held by the Association of Masters of Business Administration, an educational and networking group. If lawmakers reject some energy sources, "we won't get anything left."

### [The Cork Consensus](#)

A conference held in Cork, Ireland by the Association for the Study of Peak oil and Gas (ASPO) last week heard representatives from industry forecast that the best data available pointed to reserves of 250 billion barrels of yet-to-find global conventional oil, and as a result oil production would plateau at less than 100 million barrels per day before 2020. This was followed up by a range of speakers who stated that current trends in bringing new projects onstream indicate that global oil production would peak on or before 2012, a forecast that coincides with the latest announcement from International Energy Agency that an oil crunch will occur by 2012.

### [Nannies Come Home to Roost](#)

Global Warming and Peak Oil doomsdayers have a certain perverse fondness for

trumpeting the latest "point of no return." We have only ten years to regulate this or fifteen years to phase out that in order to avert future catastrophe and the subsequent end of all good things. Of course, the goalposts shift, as they necessarily must when doomsday fails to arrive.

Pennsylvania: [To reach strategy for the future, compromise will be necessary](#)

Most members of the Legislature, regardless of party, recognize that America's modern society is built on cheap energy and that our entire way of life is perilously dependent on some of the most unstable regions of the world. More than 60 percent of the nation's petroleum is imported.

...And there may be a few at the state Capitol who are familiar with the concept of "peak oil," which posits that the world is at or near the point of producing the maximum level of conventional oil even as the demand for oil continues to grow, especially in China, India and other rapidly developing countries, which portends steeply higher prices.

[Court to Consider Energy Rate Cases](#)

The Supreme Court said Tuesday it will rule on two cases involving electricity contracts that a Nevada power company and a county in Washington state seek to invalidate because they were signed at the height of the 2000-2001 Western energy crisis.

[Nuclear plant testing gets OK](#)

The Fresno City Council approved testing for a proposed nuclear power plant, even though construction of one is prohibited under state law.

[Albania's dilemma: produce energy or protect the environment?](#)

Albania's Sali Berisha says thermal power plants are the best way to meet the country's energy needs. But plans to build such a facility at a top tourist destination have local residents crying foul.

[Higher Utility Bills Face Homeowners](#)

Despite the pleasant early autumn weather warming much of the country, sky-high heating costs are in store this winter and many of the nation's households are in the grips of a home energy crisis, says a coalition of state officials, the AARP, and the nation's natural gas utilities. The group is calling on the Bush administration to release \$151.5 million in federal emergency assistance funds to help poor households.

Most of the funds in this contingency pot will disappear, under the program enacted by Congress, if they are not released by September 30. Some 1.2 million U.S. households were disconnected from electric and natural gas service this summer due to failure to pay utility bills, says the National Energy Assistance Directors' Association. The average delinquent family's unpaid bill is \$850, a sum that typically must be paid before it can be reconnected for the winter.

### [What's behind Myanmar's painful oil and gas price rise?](#)

Public anger at sudden, steep fuel price rises in Myanmar in August triggered protests which have swelled into the largest demonstrations against the military junta in 20 years. Here are some facts on the country's energy policy and reserves.

### [Rebels threaten Candian oil firm in northeast India](#)

A separatist group in India's restive northeast warned Canadian and Indian oil firms against carrying out exploration work in the region.

### [Saudi budget surplus hits record on surging oil prices](#)

Oil powerhouse Saudi Arabia announced on Wednesday a record budget surplus of more than 77 billion dollars for 2006 thanks to surging crude prices.

The surplus of 290 billion riyals (77.5 billion dollars), unveiled in the central bank's annual report, compares with initial forecasts of a 14.7 billion dollar surplus and a final figure of 58 billion dollars in 2005.

### [Are we heading for Peak Food?](#)

Now, Peak Oil may be very familiar to you as a Whiskey reader, but another peak phenomenon may not — Peak Food. Russia recently announced it may curtail wheat exports due to low global stockpiles and that has sent wheat to above \$9, driving everything from bread to pasta exponentially higher. The worst could be yet to come.

I have to go chop some more wood for our stoves now. Really, I'm serious. Peak Oil is here. Peak Food will be here soon, too.

### [Scientist casts doubt over 'clean' coal](#)

A leading scientist fears the federal government's clean energy target will be dominated

by unproven clean coal technology.

Australian Academy of Science president Kurt Lambeck said the technology is 20 years away, and even then, would have limitations in curbing carbon emissions.

### [Investors urge action on climate change](#)

Bill Clinton will be taking a leaf out of his political ally Al Gore's book on Monday as he takes part in the New York launch of a major study of large, global corporations' attitudes to climate change.

### [Australian PM downplays link between drought, climate change](#)

Prime Minister John Howard warned against linking Australia's worst drought on record to doomsday forecasts about climate change Wednesday, saying "a sense of proportion" was needed.



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