



DrumBeat: October 15, 2007

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Topic: [Miscellaneous](#)

[Trillions in spending needed to meet global oil and gas demand, analysis shows](#)

HOUSTON: Companies that produce, refine and transport oil and natural gas will need as much as \$21.4 trillion (€15.04 trillion) in capital expenditures between now and 2030 to meet sharply growing global demand for hydrocarbons forecast by experts, a new analysis shows.

Larry G. Chorn, the chief economist for Platts, which provides energy and commodities information, said Monday the tab for capital spending is likely to exceed \$1 trillion (€0.7 trillion) annually in 2016 and \$2 trillion (€1.41 trillion) in 2026 as the industry tries to satisfy surging consumption in the U.S. and abroad.

The bulk will go toward exploration, development and maintenance of the crude oil supply, the Platts' analysis says. Refining and transportation will account for the remainder.

...Already, the industry apparently is falling behind the spending curve.

[Kunstler: The Casino Syndrome](#)

What's wrong with state-sponsored gambling is simple: it promotes the idea -- inconsistent with the realities of the universe -- that it's possible to get something for nothing. It is unhealthy to an extreme for a society to make this idea normal because it defeats another idea that a society absolutely depends on for survival -- namely that earnest effort matters. It conditions the public to magical thinking -- a characteristic of children-- and disables their ability to function as adults. The expansion of gambling is especially tragic at a time when this society faces epochal economic problems that threaten its existence, and by this I mean the permanent global energy crisis that will require us to reorganize virtually all the crucial activities of daily life. This is a time when the nation can least afford to disable adult thinking and earnest effort.

[Plastics recycling industry 'starving for materials'](#)

Consumers have unknowingly put the plastics recycling industry in the United States on a starvation diet by failing to recycle sufficient quantities of soft drink bottles and other

waste. That's the conclusion of the cover story scheduled for the Oct. 15 issue of Chemical & Engineering News, ACS' weekly newsmagazine.

[Oil futures hit new record above \\$86](#)

NEW YORK - Oil prices surged as high as \$86 a barrel Monday for the first time after OPEC said crude production by non-member countries is likely falling even as global demand for oil is rising.

...Despite the Organization of Petroleum Exporting Countries' decision last month to boost its production by 500,000 barrels per day beginning next month, the rest of the world will likely produce 110,000 fewer barrels of oil per day than expected in the fourth quarter, OPEC said in a report.

At the same time, fourth quarter demand for crude oil will grow by 100,000 barrels a day over last year, OPEC said.

[Chevron to build \\$500 mln production unit at Miss. refinery](#)

Chevron U.S.A. Inc., a subsidiary of Chevron Corp., said Monday it plans to build a \$500 million gasoline production unit at its refinery in Pascagoula, Miss. The unit, which the company plans to complete by mid-2010, is expected to increase production at the refinery by about 10%, or about 600,000 gallons a day. End of Story

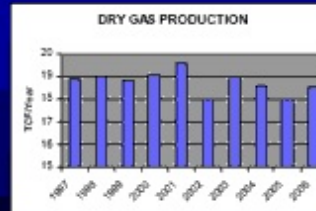
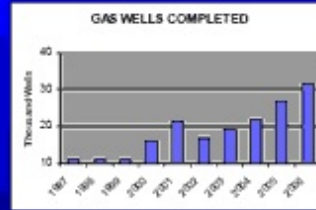
[Delta Pipeline Fire Put Out](#)

FIRE-FIGHTERS of the Shell Petroleum Development Company (SPDC) gained access to the company's 10-inch Utorogu-Ughelli Pumping Station Condensate trunk line which exploded, Friday evening, at the outskirts of Otor-Edo in Delta State while pipeline vandals were busy stealing condensate, and succeeded in putting out the fire after more than 12 hours of blistering rage.

[New presentations by Matt Simmons](#)

Reality Was Harsh Example Of Denial

- Rapidly rising decline curves absorbed all new growth.
- Soaring gas completions set gas drilling record.
- Shale gas and tight sands gas soared.
- Gas prices became volatile.



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[40 Year Energy Perspective: Where Have We Been? Where Are We Going?](#) (PDF)

[Future Energy Challenges: Are We In Denial or Facing Hard Truths?](#) (PDF)

[Ocean Energy: An Idea Whose Time Has Come](#) (PDF)

[Peak Oil is Here](#) (PDF)

A peak in world oil production under 85 million barrels daily (mbd) now looks like fact and supports our buy recommendations of oil and gas producers. Each new monthly compilation of U.S. government statistics confirms that the rising trend of global oil production ended in 2004 contrary to market expectations. At the same time, forecasts by government analysts, generally in line with investor expectations, keep climbing with targets of 85, 86, 87 and 88 mbd released in September 2004, 2005, 2006 and 2007 respectively (see chart World Oil Supply Forecasts). If oil supply expectations are too optimistic as we believe, then it is likely that oil price expectations, currently \$72 a barrel for the next six years, are too pessimistic as we also believe to be the case.

[Iraqi Oil Spoils](#)

The quickening pace of oil deals between Kurdish regional leaders and foreign companies is another sign that Iraq is spinning out of control and the Bush administration has no idea how to stop it.

[Kazakhstan PM steps up oil fight with Western companies](#)

Hopes of a swift resolution to the dispute between the Kazakhstan government and a consortium of Western oil majors were dashed this weekend, as the Kazakh Prime Minister hinted at new legislation.

[UK: Soaring cost of gas guzzling](#)

MEASURES to cut greenhouse gas emissions in the pre-budget report could mean extra costs for both air passengers and drivers.

The planned changes include a move to encourage the development of greener cars that use biofuels and switching air taxes from individual passengers to flights, from November 2009. The measure is expected to raise an extra £520m a year for the Treasury.

[Former Shell executive accuses oil firms of 'hypocrisy' over human rights](#)

THE DEALINGS of oil companies in countries such as China and Burma have led a former Shell executive to accuse his ex-employer and its rivals of "hypocrisy" in regard to human rights.

Paddy Briggs, who worked for Shell for 37 years before retiring in 2002, has criticised oil giants for continuing to be involved in countries accused of human rights abuses, despite issuing statements insisting they support those rights. Briggs cites Shell's involvement in China and Saudi Arabia, and Total's investment in Burma as examples of this hypocrisy.

[Securing Europe's Energy Future](#)

Most Europeans agree that reliable, affordable, and sustainable energy is crucial to Europe's security and prosperity; that energy can be used as a political weapon, as when Russia shut off gas to Ukraine in January 2006; and that Europe is far too dependent on energy supplies from undemocratic and unstable countries or regions. Yet, despite wide agreement on these matters, there is little consensus about how to address them.

[India's Energy needs will skyrocket](#)

Over the last fifty years the most significant shift in India's energy consumption was the replacement of non-commercial energy sources with commercial sources such as coal, oil and gas, hydro and nuclear power.

[Aussie coal to fuel Vietnam's rapid expansion](#)

Vietnam imports almost no coal, but billions of dollars are set to be invested in building coal-fired power stations in the south, and the country is expected to import 20 million to 30 million tonnes a year by early next decade.

[US motorists key to long-term oil prices](#)

Another, seemingly contrary trend and less noticed by the oil market is the gradual slowdown in the growth of US petrol consumption. Incremental demand growth year on year in motor fuel has slipped from 200,000 barrels per day (bpd) in January 2007 to almost nil or negative figure. By the beginning of October, consumption of gasoline was down 200,000 bpd against the same period in 2006. These figures, like all oil market statistics are volatile but a trend is emerging that should not surprise us. Already bludgeoned by debt and a credit squeeze, Middle America is reacting to high fuel prices and demand is beginning to tail off.

[The History of the Electric Car](#)

No one would mistake Chris Paine for a General Motors shill. In his 2006 documentary *Who Killed the Electric Car?*, the filmmaker laid out a damning case against GM for unplugging the EV1, the electric vehicle it manufactured in the 1990s and then discontinued in 2003, preferring instead to produce high-margin but gas-guzzling trucks and SUVs. "They were a technological leader, and they fumbled that leadership away," Paine says. Ask him about the U.S. carmaker now, though, and Paine sounds almost admiring. "Their new hybrids are making a difference, and their plug-in technology is a real advance," he says. "GM is making some really good moves now."

[Raymond J. Learsy: Arctic Agonistes: Ceding Its Treasure of Oil and Gas](#)

From Germany's Potsdam Institute for Climate Research, we learn that all the models have apparently underestimated the speed at which the Arctic ice is melting; indeed, the ice has "already tipped," the institute says. In other words, the ice has shrunk to the point where there is too little of it reflecting the sun's warming rays back into the atmosphere and too much dark ocean water absorbing the heat of those rays, thus creating a vicious circle that further speeds up the warming trend. If the German scientists are correct, the polar icecap may already be a lost cause.

[Turkey's rising nuclear ambitions](#)

As Turkey pushes ahead with its nuclear energy ambitions in the face of predicted energy shortfalls and a perceived threat from Iran, critics express concerns about internal safety, security and a regional arms race.

[Military regimes survive thanks to rich nations' aid](#)

Recent developments in Myanmar and Pakistan highlight an important new reality in the world today -- the calls by the Western world to build democratic institutions and to facilitate peaceful international change are not working.

[“Hands off the Amazon”, Brazil tells environmentalists](#)

Brazilian Defence minister Nelson Jobim stated that the Amazon sovereignty is non negotiable and rejected recommendations from a United Nations panel that last week shared with former US Vice president Al Gore the Nobel Peace Prize and suggested the creation of an international treaty to guarantee the protection of the vast rain forest in South America.

[Zambia's Indeni oil refinery resumes production](#)

Zambia's Indeni Oil Refinery has resumed production, MD Gerald Gueglio said today, after a prolonged shutdown which sparked fuel shortages as suppliers gave copper mines priority.

[Low supplies are keeping gas prices high](#)

A tight supply of oil has kept Michigan gas prices – currently \$2.89 a gallon – significantly higher than they were at this time last year.

[Russian Oil - a Depletion Rate Model estimate of the future Russian oil production and export](#)

Oil is a heavily used natural resource with a limited supply. Russia is one of the largest oil producers and the second largest oil exporting country in the world. Many surrounding countries are dependent on Russian energy. Swedish oil import from Russia has grown from 5% to 35% during 2001-2005.

The fall of the Soviet Union in 1991 caused the Russian oil production to drop by 50%. The production is currently growing again – but how will it develop in the future?

[Gore Derangement Syndrome](#)

On the day after Al Gore shared the Nobel Peace Prize, The Wall Street Journal's editors couldn't even bring themselves to mention Mr. Gore's name. Instead, they

devoted their editorial to a long list of people they thought deserved the prize more.

And at National Review Online, Iain Murray suggested that the prize should have been shared with “that well-known peace campaigner Osama bin Laden, who implicitly endorsed Gore’s stance.” You see, bin Laden once said something about climate change – therefore, anyone who talks about climate change is a friend of the terrorists.

What is it about Mr. Gore that drives right-wingers insane?

[Solving the Climate Crisis](#)

With Al Gore and the IPCC wining the Nobel Peace Prize yesterday, lots of people are talking about global warming. The remaining holdouts and dead-enders continue to bray about hoaxes and imaginary disputes, but by and large the dominant focus of conversation about climate disruption boils down to a simple question: *what do we do about it?*

[Tucson: City candidates on the issues](#)

Redirect the development (which is both well-intentioned and necessary) effort toward something in the best interests of the taxpayers instead of the special interests, using ecocity design principles, and honestly appraise the most likely effects on Tucson of global warming and peak oil in the coming decades.

[Petroecuador to rent PDVSA rigs at half price](#)

Ecuador`s state oil company Petroecuador will pay its Venezuelan counterpart PDVSA US\$18,000/d for two rigs to drill new wells in the Amazon, the former said in a statement.

The price is half what Petroecuador pays private companies, the statement said. Both companies are due to sign the rental contract in coming days.

[Fortum to increase price of electricity for 400,000 Finnish customers](#)

Fortum said it will charge Finnish households more for their electricity from December 1 as it looks to compensate for a recent increase in the wholesale cost of electricity.

[GM enjoying success in Indian car market](#)

After struggling for years to gain a foothold in India, General Motors Corp. is tasting

some success lately. In the past six months, the U.S. automaker sold nearly 2 1/2 times the number of cars it sold in India in the same period last year, even as overall demand for new cars was hit by a sharp rise in interest rates.

[Investing in Mode-Shifting: Preparing for a Peak Oil World](#)

Technology will not save us from peak oil, but the invisible hand of economics will. It's easy to get excited about all the amazing new vehicles the world's car-makers are promising us. Even if we believe manufacturers' hype, the Cadillac SRX your neighbor bought last week will be on the road for at least a couple decades, and all the fuel saved by your next plug-in hybrid will not make up for the amount it guzzles.

[New York oil price breaks above 85 dollars for first time](#)

Oil zoomed to a new record high above \$85 a barrel on Monday as a robust demand picture amid booming commodity markets and fresh geopolitical worries put tight oil supplies into sharp focus.

U.S. light, sweet crude for November delivery was \$1.15 higher at \$84.84 a barrel by 7:22 a.m. EDT, off a new record high of \$85.19 -- its fifth straight session of gains.

..."A run at \$90 is now seen as reasonable," Citigroup analysts said in a note.

[OPEC maintains estimate for oil demand growth in 2007](#)

OPEC maintained its estimate for world oil demand growth in 2007 even as oil prices jumped to fresh record highs Monday.

"World oil demand growth for 2007 is forecast at 1.3 million barrels per day (bpd) or 1.5 percent," the Organisation of Petroleum Exporting Countries said in its October monthly report, released as the price of New York hit a record high of 85.19 dollars.

[\\$100 oil by 2008? Maybe not](#)

A stark warning by Canadian Economist Jeff Rubin about the expected decline in oil exports and possibility of a \$100 per barrel crude oil by end of 2008 has caught the attention of the mainstream media in recent weeks. It has also been praised by the advocates of the Peak Oil theory who believe that global oil production has already peaked and is currently on a downtrend.

Yet a careful examination of Rubin's analysis and his underlying assumptions about the oil market, raise some doubts about the accuracy of this prediction.

[Casualty of high oil prices: oil firms](#)

Drivers aren't the only ones being squeezed by record oil prices. A surprising casualty of the escalating cost of crude and sagging pump prices turns out to be the oil industry itself.

Even as oil futures set a new record north of \$84 a barrel last week, a number of refiners warned that their third-quarter profits won't be as robust as once expected.

[China to build commercial oil storage facility in Hainan](#)

China plans to build a commercial oil storage facility at the Yangpu Development Zone in southern China's Hainan province, the Sinopec-owned China Petrochemical News reported, citing a senior official with the Hainan provincial government.

...The Hainan government also plans to apply with the central government to build a strategic oil reserve base in Yangpu.

[At our peak](#)

It's time to leave fossil fuels behind and support the growth in renewable energy sources.

[Edwards, McCain win enviro endorsements](#)

Democrat John Edwards and Republican John McCain picked up separate endorsements Sunday from two national environmental groups that highlighted their commitment to ending global warming.

Edwards won the backing of Friends of the Earth Action, the San Francisco-based political arm of Friends of the Earth. Republicans for Environmental Protection endorsed McCain for the second time. The group also backed his 2000 campaign.

[Sydney Harbour icon at risk from climate change](#)

The sandstone walls of Fort Denison have withstood the waves of Sydney Harbour for more than a century, but rising sea levels mean the landmark could become an early victim of climate change.

[Commonwealth warns of devastating impact of global warming](#)

Global-warming and its devastating environmental effects were to top the agenda of a two-day meeting of finance ministers from more than 50 Commonwealth countries due to open here Monday.

Ransford Smith, deputy secretary general of the 53-nation organization, said the international community needs to balance economic growth with the use of new and clean technologies because climate change would adversely impact on agriculture outputs in many developing countries, as well as employment patterns and populations shifts.



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