



## DrumBeat: October 27, 2007

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Topic: [Miscellaneous](#)

### [Why Kuwait wants to shift to heavy oil](#)

Last week, Kuwait announced its plans to shift into heavy oil production during an international oil conference to meet its 2020 target of producing 4 million barrels per day (bpd).

Kuwait has traditionally produced and exported mainly medium to light crude since the 1950s. Now KOC is pushing for more involvement of international oil companies in developing its heavy oil assets. But why is Kuwait shifting to heavy oil production?

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### [The Power of Petroleum](#)

Record-high oil prices have dramatically shifted the balance of global power. At nearly \$90 a barrel, oil is more than a crucial energy source, it's a strategic commodity of central importance. The \$30 per barrel rise in crude prices since last October raises the daily imported oil bills of the United States and Europe by \$300 million each, while Middle East exporters collect an additional \$500 million daily. These are sums with huge financial and political implications that are beginning to reverberate.

### [Why BP is cutting back in Aberdeen as oil prices soar](#)

Deeper reasons lie behind the cutbacks, however, and BP's economies may just be the first of others by competitors. It is no secret that the North Sea fields are running out. Of the six BP-operated fields there, all but two - Rhum and Clair - started producing in the 1980s and 1990s. And two - Valhall and Magnus, Britain's most northerly field - date from the early 1980s. In oil terms that makes them geriatrics.

### [Methane Bubbling From Arctic Lakes, Now And At End Of Last Ice Age](#)

A team of scientists led by a researcher at the University of Alaska Fairbanks has identified a new likely source of a spike in atmospheric methane coming out of the North during the end of the last ice age.

## [CLIMATE CHANGE: CO2 Levels Begin Accelerated Climb](#)

Global warming has been compared to a slow-moving train wreck, in which the passengers are blissfully unaware of the coming catastrophe.

With the shocking loss of the Arctic sea ice this summer and several new reports this week that oceans and tropical forests are now absorbing less of the world's steadily rising carbon emissions, our collective train wreck appears to have already tipped into fast forward.

## [The Prophet of Climate Change: James Lovelock](#)

In Lovelock's view, the scale of the catastrophe that awaits us will soon become obvious. By 2020, droughts and other extreme weather will be commonplace. By 2040, the Sahara will be moving into Europe, and Berlin will be as hot as Baghdad. Atlanta will end up a kudzu jungle. Phoenix will become uninhabitable, as will parts of Beijing (desert), Miami (rising seas) and London (floods). Food shortages will drive millions of people north, raising political tensions. "The Chinese have nowhere to go but up into Siberia," Lovelock says. "How will the Russians feel about that? I fear that war between Russia and China is probably inevitable." With hardship and mass migrations will come epidemics, which are likely to kill millions. By 2100, Lovelock believes, the Earth's population will be culled from today's 6.6 billion to as few as 500 million, with most of the survivors living in the far latitudes -- Canada, Iceland, Scandinavia, the Arctic Basin.

## [The Trouble with Crude Oil](#)

Fretting about climate change, calling for conservation, and making fuel from animal fats—these days James Mulva might not sound like the chief executive of the third-largest U.S. oil company, ConocoPhillips. With 34 years in the oil business, Mulva concedes that times for his industry have changed. As crude oil prices surge—hitting yet another record on Oct. 26—and worries about global warming and China's oil thirst abound, Mulva and his peers at other energy giants are now pressing for a new federal energy policy.

## [Mexico To Start Booking Chicontepec Reserves In 2008 - Pemex](#)

Petroleos Mexicanos will begin booking new reserves at the Chicontepec oil field in 2008 when the company begins exploiting new areas of the oil zone, said Pemex CEO Jesus Reyes Heróles on Friday.

Pemex's current proven reserves will only last 9.3 years at current production rates, and the company must find and tap new reserves just to keep oil production at current levels.

### [Airlines struggle to keep pace with soaring fuel costs](#)

For more than three years, the nation's airlines have grappled with persistently high fuel costs. But they haven't seen prices quite like this before.

### [Rising cost of crude oil stirs concern at Northwest](#)

The pilots union says it wants the airline to take a longer-term approach to controlling fuel prices - the carrier's biggest cost.

### [U.S. Airlines Put Off Buying New Planes](#)

American Airlines operates a fleet of 300 older MD-80s, a model that guzzles fuel and lacks the latest in passenger comforts. And American has only a handful of replacement planes coming in the next couple of years.

### [Mid-Columbia farmers feel sting of rising gas prices](#)

Each time the price of oil goes up, Eltopia farmer Gary Middleton feels the pinch, and he's been feeling the hurt a lot lately.

He uses about 30,000 gallons of fuel annually, mostly diesel, to run machinery at his 100-acre organic apple and cherry orchard. And diesel and gasoline prices have surged recently with the onset of winter and rapidly rising world oil prices.

### [Fearing Fuel](#)

In sum, Republicans are trying to stop Democrats from further reducing America's production of its own fuel, placing us even more at the mercy of Middle East Arab states and oil-rich thugs like Venezuela's Hugo Chavez.

They're also trying to stop Democrats from doing something that would raise gasoline prices at the pump to an even higher level than they are now.

### [Will pain at the pump lower consumption?](#)

Nationwide, hybrid-vehicle registrations climbed 49 percent in the first seven months of 2007, according to R.L. Polk & Co., an automotive data company in Southfield, Mich. Polk said hybrids account for more than 2 percent of the U.S. market.

### [UK: Fuel price rises are crippling us, hauliers warn Chancellor](#)

Hauliers warned that their industry is being crippled by the increases in taxes and rising oil prices.

### [Pakistan: Gas loadshedding may be from mid November](#)

The Sui Northern Gas Pipeline Limited is facing a shortage of about 700 MMCFD gas which will compel the company to continue the load management policy in the coming winter.

...Sources said the company high-ups had decided to start load management by the end of November 2007. Under the policy, the most affected industries would be of cement, power, and CNG and fertilizers.

### [Caribbean nations grapple with biofuel issues](#)

The Caribbean, which includes the Dominican Republic and Central America, offers examples of the uncertainty many regions face in the global energy grid. If those regions have the resources, they have to ask whether biofuels are worth the investment.

### [World's addiction to coal growing](#)

Coal is big, and getting bigger. As oil and natural gas prices soar, the world is relying ever more on the cheap, black-burning mainstay of the Industrial Revolution. Mining companies are racing into Africa. Workers are laying miles of new railroad track to haul coal from the Powder River Basin in Wyoming and Montana.

And nowhere is coal bigger than in China.

### [Power Revolution](#)

The high-rolling risk takers who brought you personal computing, the telecommunications revolution, the commercialization of the Internet, and, of course, Google now aim to do nothing less than save planet Earth—and make billions while doing it. If the venture capital industry is successful, it might be the ultimate act of "angel investing," and perhaps no one is more emblematic of this new wave of high-minded technology entrepreneurship than Vinod Khosla, who, after a failed soy milk start-up in his native India, went on to become one of the driving forces of Silicon Valley as cofounder of Sun Microsystems and later as a venture capitalist. Khosla views climate change as the gravest threat the world has ever faced, and he knows others see

America's foreign oil dependence as an urgent crisis. But in his calculus, we've been pitching pebbles at these Goliath problems. "Building a biofuels plant here and a solar plant there is not enough," he says, "unless we can replace 50 percent and hopefully 100 percent of the fossil energy sources."

### [Juicing the System](#)

In a yearlong trial run that ended in the spring, 200 or so homes on Washington's Olympic Peninsula engaged in a daily bidding war for electricity. It was a sort of robotic Ebay auction in which the thermostat in one house, say, bid against the clothes dryer in another for scarce electrons. The loser would turn off and wait for prices to drop before jumping back onto the grid. Engineers at the federally funded Pacific Northwest National Laboratory showed that by equipping appliances and thermostats with a few cheap microchips and Internet connections, they could cut peak demand by as much as 50%. That's a big number, because 8% to 12% of peak demand for power capacity comes during the busiest 1% of hours. Most of the extra supply comes from inefficient gas-turbine generators.

### [Green Grid Members Open Energy Efficient R&D Data Center](#)

Businesses in the United States have been put on notice by the Environmental Protection Agency and Department of Energy that power used by data centers is growing at a disproportionate rate, and multiple sources within the industry have predicted a looming energy crisis that could threaten half or more of operations.

Tackling the issues will require an industry-wide and vendor-specific focus as demonstrated by the latest meeting of The Green Grid consortium this week in St. Louis, Mo., where APC-MGE and parent company Schneider Electric hosted the meeting and opened a 100,000-square-foot technology center that is dedicated to research and development of energy efficient data center equipment and design processes.

### [Brave B.C. talks true carbon tax](#)

VANCOUVER -- Stephen Harper and Stéphane Dion won't do it, and most Canadian politicians won't even say it out loud.

But in British Columbia, Finance Minister Carole Taylor is merrily pursuing a carbon tax, eyeing a plan that could see the province levy substantial fees on economic choices that spew greenhouse gases, but that would slash other kinds of taxes, including income taxes.

### [Gulf poised to delay monetary union, official says](#)

Gulf Arab oil producers are likely to postpone a 2010 deadline for monetary union at a meeting of central bankers and finance ministers on Saturday, an official of the region's economic bloc said.

Investors are watching the meeting in the Saudi Red Sea port city of Jeddah for any signs of a rift on currency policy, which could renew market bets on the demise of a regional exchange-rate regime pegged to the tumbling U.S. dollar.

#### [OPEC to study currency basket for pricing: Venezuela](#)

OPEC is likely to discuss creating a basket of currencies for oil pricing at its next summit due to the steady decline in the dollar, Venezuela's Energy Minister Rafael Ramirez said on Friday.

#### [Iran says enough supply in oil market](#)

'There is no problem regarding supply. OPEC is producing at full capacity,' caretaker Oil Minister Gholamhossein Nozari told the official daily, called Iran.

#### [Iraq threatens to cut off oil if sanctions imposed](#)

The speaker of Iraq's Parliament has warned Turkey that his government would cut off the flow of oil from northern Iraq if Ankara followed through on its threat to level economic sanctions against the country.

#### [Chávez: Bush's threats are to push oil prices up](#)

Following execution of seven memoranda of intent between Algeria and Venezuela, President Hugo Chávez insisted that oil prices would climb to USD 100 per barrel.

The Venezuelan ruler underscored that mounting oil prices are the result of the imperialist pressures. "If the United States continues to threaten or destabilize" oil exporting countries, then high prices will continue to prevail in world markets.

#### [What Steven Landsburg doesn't understand about climate change](#)

Landsburg claims, "Climatologists estimate what it takes to put New York underwater; economists estimate the cost of moving New York inland." No. Few, if any, economists would bother to estimate the cost of moving New York City, with its unique physical assets and vast infrastructure — let alone the billion people worldwide who would lose



their homes if sea levels rose 25 meters. Economists do estimate the cost of building levees, but how do we build levees if sea levels are rising more than a foot a decade — and if many coastal cities face Katrina-like superstorms in the future?

### [Global Warming Alarmism Reaches A 'Tipping Point'](#) (Sen. James Inhofe, R-OK)

An abundance of new peer-reviewed studies, analyses, and data error discoveries in the last several months has prompted scientists to declare that fear of catastrophic man-made global warming "bites the dust" and the scientific underpinnings for alarm are "falling apart."

### [Deeper, rougher, further - in search of the last North Sea oil](#)

Britain is in the autumn of its North sea era. "The oil we're getting from the North Sea is in decline," says the energy minister, Malcolm Wicks. "A lot of it is getting more difficult to recover. Some of the big companies have gone away. In the last few years, our oil production has fallen by 8% or 9% annually. We aim to slow that decline to, say, 5% a year."

Last year Britain's oil output was the lowest since 1979, the first big year of North Sea production. This week BP announced it was shedding up to 350 North Sea jobs, the latest in a series of cuts in the oilfield by major companies.

### [China rations diesel as record oil hits supplies](#)

China is rationing diesel at pump stations in at least four booming coastal provinces in the widest-scale rationing seen since 2003, as red-hot global oil prices hit output at loss-making Chinese refiners.

With U.S. crude soaring to new highs above \$92 a barrel on Friday, the supply squeeze is a telling sign that high oil is taking its toll on demand in the world's second-largest consumer by forcing refiners to limit output.

### [Oil and gas rich Gulf seeks alternative energy](#)

With booming domestic demand for power, the hydrocarbon-rich Arabian Gulf countries are exploring the use of alternative and renewable energy resources - including coal, nuclear, solar, wind and hydrogen - says a leading industry expert.

### [Mexico's Cantarell oil output recovers in Sept](#)

Crude oil output from Mexico's declining Cantarell offshore field recovered to 1.461 million barrels per day in September after a hurricane knocked down August production levels to 1.319 million bpd, the energy ministry reported on Friday.

### [Lower oil production blamed for Royal Dutch Shell profits fall](#)

Royal Dutch Shell yesterday blamed lower oil production, weaker refining margins and higher costs for a fall in third quarter profits.

### [Petrol price to hit record as oil-shortage fears bite](#)

Petrol prices are set to hit record highs next week after escalating fears of a global oil shortage this winter pushed the price of US crude above \$92 a barrel. At one point yesterday US light crude spiralled to \$92.22 as world markets reacted to the US Government's latest sanctions on Iran, a surprise fall in US stockpiles and the kidnapping of six oil workers in Nigeria.

Kevin Norrish, analyst at Barclays Capital, said: "The door to \$100 a barrel oil is open. It is no longer a question of if but when." The AA said pump prices were certain to set new records across the UK next week, placing a further strain on motorists who are paying £8.5 million more a day to fill up their cars than in January.

### [On the other side of the mountain](#)

Is the British government doing enough to prepare for a future of diminishing oil production both internationally and in the North Sea? It seems a timely question as oil reached another record price of \$92 yesterday, creeping closer to \$100 a barrel.

### [Raymond J. Learsy: With Oil at Plus \\$90 Highs Where is the Outrage of the Press!?](#)

It is quite incredible to me, with the price of oil at \$90 a barrel plus, how benign the media has been in determining the cause these vertiginous levels. Banalities abound. Its China and India (this even though China's oil imports have been the lowest in 20 months), it's the dollar, its production constraints, its peak oil, its lack of refining capacity (the interlocutor never being asked to explain why if refining capacity is constrained, thereby limiting the consumption of its feedstock-crude oil- the price of crude should go up-Economics 101?). And on.

### [Peak oil already arrived in 2006](#)

Warnings that the capacity for global oil production is soon to drop off were wrong: it's not soon, it's now.



### [Bacteria species may help ethanol output](#)

Scientists say a new bacteria species discovered in Yellowstone's thermal pools could improve the use of bacteria to produce ethanol.

### [UN expert seeks to halt biofuel output](#)

A U.N. expert on Friday called the growing practice of converting food crops into biofuel "a crime against humanity," saying it is creating food shortages and price jumps that cause millions of poor people to go hungry.

Jean Ziegler, who has been the United Nations' independent expert on the right to food since the position was established in 2000, called for a five-year moratorium on biofuel production to halt what he called a growing "catastrophe" for the poor.

### [Senator: Global warming bill needs work](#)

A bipartisan Senate bill to limit greenhouse gases will have a hard time getting the 60 votes needed to overcome parliamentary roadblocks unless it addresses some of industry's concerns, a Republican senator said Friday.

### [Dengue fever outbreak hits parts of Asia](#)

The worst outbreak of dengue fever in years has hit Southeast Asia, prompting the World Health Organization to call for better prevention campaigns as experts question whether global warming is partly to blame.

### [A tax on carbon to cool the planet](#)

Conservative and liberal economists like it. James Connaughton, President Bush's top environmental adviser, backs it. Al Gore says he's always preached it. So why isn't a carbon tax on the table in Congress as it weighs measures to curb climate change? A three-letter reason: T-A-X.



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