



## DrumBeat: November 3, 2007

Posted by [Leanan](#) on November 3, 2007 - 9:10am

Topic: [Miscellaneous](#)

### [The Perils of Petrocracy](#)

Who holds the world's oil? You might assume it's in the hands of big private oil companies like ExxonMobil. But in fact, 77 percent of the world's oil reserves are held by national oil companies with no private equity, and there are 13 state-owned oil companies with more reserves than ExxonMobil, the largest multinational oil company. The popular perception in the United States is that if leaders of oil countries nationalize their oil, they are bucking a global trend toward privatization. In reality, *nationalized* oil is the trend. And the percentage of oil controlled by state-owned companies is likely to continue rising, mainly because of the demographics of oil. Deposits are being exhausted in wealthy countries — the ones that exploited their oil first and generally have the most private oil — and are being found largely in developing countries, where oil tends to belong to the state.

### [A Glimpse Of Light In The Distance](#)

An ex-Marine thinks he can extend the working day for millions of people.

### [Oil price lifts Saudi stocks to one-year high](#)

Saudi Arabia's bourse rallied to its highest close in almost a year yesterday as record oil prices and an interest rate cut boosted the appeal of petrochemical and banking stocks.

### [East End residents cast worrisome glances at nearby refineries](#)

Manchester hugs the Houston Ship Channel, where refineries and other business run 24 hours a day.

It's there that some stats show that cancer rates are abnormally high... and incomes drastically low.

### [Doubling of oil recovery efficiency seen possible](#)

In the field's southern area, called Haradh, Aramco raised production in three increments starting in 1996. The first step involved vertical wells; the second, starting in 2003, involved horizontal wells; and the third, starting in 2006 involved maximum reservoir contact wells, smart, completions, and instrumentation.

The advance of technology, Saleri said, yielded a five-fold increase in added production between the first and third increments.

In addition, real-time pressure monitoring helped Aramco keep several wells from prematurely watering out. Haradh production is 900,000 b/d.

Worldwide, Saleri said, recovery efficiency is 30-35% but could be 60-75%.

### [Talisman Has Lost 'Credibility': New Ceo](#)

Talisman Energy Inc. has lost "credibility" with investors and analysts by repeatedly failing to meet its own production forecasts, the company's new president and CEO said yesterday. John Manzone said the Calgary-based independent, whose share price is up just 2% this year despite sky-rocketing oil prices, must start achieving the targets it sets and can do so by internally sharpening its ability to execute projects.

### [French fishermen protest over rising fuel costs](#)

Fishermen disrupted traffic in northwestern France on Saturday to protest against the rising cost of fuel and to demand state aid.

Around 100 vehicles slowed down traffic in a "snail operation" on main roads in western Brittany, said a spokesman for the fishermen who started a strike in the northwestern port of Guilvinec on Friday.

### [Markey calls on Bush to free up oil reserves](#)

Representative Edward J. Markey, a Massachusetts Democrat, called yesterday on President Bush to release both home heating oil and crude oil from two reserves to ease the cost to consumers, but the White House said it has no plans to do so.

### [Natural gas line to coast planned](#)

One of the country's largest pipeline companies is considering building a \$3 billion line that would link natural gas fields in Utah, Wyoming and southwestern Colorado with northern California and the Pacific Northwest.

### [Official sees N.E. energy shortage: Not enough terminals, pipelines, regulator says](#)

New England will need to add liquefied natural gas terminals or significantly expand its gas pipelines - and possibly do both - or the region will likely face natural gas shortages or major price hikes, a key federal official said Friday.

New England is vulnerable because of its location at the tail end of several natural gas pipelines, its dependence on natural gas for both electricity generation and heating, its limited gas storage space and lack of its own geological gas reserves, said Joseph Kelliher, chairman of the Federal Energy Regulatory Commission.

### [Syria plans \\$3b refinery](#)

Syria plans to build a \$3 billion oil refinery with a Kuwaiti partner, part of an effort to more than double the country's capacity and process crude oil from neighbouring Iraq, Syrian Oil Minister Sufian Al Alao said.

### [China Struggles With Fuel Crunch](#)

Bus drivers in the bustling southern province of Guangdong have a new daily chore: Hunting for diesel. Amid widespread shortages, service stations allow drivers just a few quarts at a time, forcing buses to stop repeatedly to fill up while passengers fume, said Dai Guowei, an employee of the Zhaoshang Passenger Transport Co.

"After using up the diesel from the last filling station, we have to rush to another station," Dai said Friday. "Usually we have to wait at least a half-hour to fill up. So we get a lot of customer complaints."

### [Eight refineries for Iran](#)

The National Iranian Oil Refining and Distribution Company has said that the Islamic Republic's private sector is to construct eight oil refineries in the country, reported the Iran Daily. The plants will be located in Shiraz, Kermanshah, Khuzestan, Tabriz and Neka as well as two in Hormuzgan and the second phase of the Arak refinery. The decision is in line with Iran's Vision 2025.

### [Fuel shortage leads to rationing in Dominican south west](#)

Gasoline Retailers Association (Anadegas) president Juan Ignacio Espaillat says that fuel supplies are limited in the south west of the country, and diesel is being reserved for hospital and emergency use only, so that rescue and relief work can continue in the

aftermath of Tropical Storm Noel.

### [China turns to Kazakh fuel as prices jump](#)

Kazakhstan has increased its fuel oil exports to China, accounting for an average of 2.5 per cent of total imports into Asia's top buyer this year, from less than one per cent in 2006, traders said yesterday.

### [Global Uranium Supply and Demand](#)

“The United States is dependent on Russia for a significant portion of its nuclear energy. I don’t think a lot of Americans know that.”

### [Feds fail to right Alberta's wrongs](#)

Alberta Premier Ed Stelmach got it wrong with his new royalty regime when it comes to natural gas, not with regard to oil or oilsands. Gas prices are too low, due to moderate weather in North America and a switch of petrochemical production to the Middle East.

### [Oil rig loses to cruisers](#)

HOBART has lost out on a \$20 million oil-rig refit contract, with Tasmanian Ports Corporation defending its decision to favour cruise ships and Antarctic research vessels.

### [Shrinking ice means Greenland is rising fast](#)

Greenland appears to be floating upwards – its landmass is rising up to 4 centimetres each year, scientists reveal.

And the large country's new-found buoyancy is a symptom of Greenland's shrinking ice cap, they add.

### [Energy firms cautious on oil shale](#)

What better evidence of the daunting challenge that oil shale presents: Shell Frontier Oil & Gas, seen as the leader in the quest to free millions of barrels of oil in massive rock formations in a three-state area, doesn't expect to start commercial production any time soon.

### [\\$100-per-barrel oil raises recession fears](#)

Even though headlines will scream, markets will get nervous, and politicians will blame each other, the real economic impact of a triple-digit price for petroleum is uncertain. It depends on whether the price is temporary or it continues to surge upward, analysts said.

### [4 bucks a gallon? It's in sight](#)

If you thought gasoline prices were scary on Halloween, just wait until Thanksgiving or Christmas.

By then, if close watchers of oil and gasoline markets are right, prices could be close to the record levels set in May. "You could be paying that by the time you sit around your Christmas tree," said Stephen Schork, publisher of The Schork Report, a daily energy newsletter.

### [North Carolina: The highway challenge](#)

The committee needs to take a fresh look at transportation policies and priorities. Is it important to speed up bridge replacement and maintenance of existing highways? Undoubtedly. So, where will the resources come from, particularly since it's also important to complete important new projects like Greensboro's Urban Loop?

The largest source of funding, the gasoline tax, has been capped because of the strain rising fuel prices put on motorists. The committee should decide how much emphasis the state should place on toll projects and alternative revenue sources.

### [Cyprus: We can't tighten our belts without government help](#)

OIL PRICES are expected to pass the \$100 mark per barrel in the coming days. Already, motorists are feeling the pinch, with fuel prices rising by two cents a litre this week.

Households will also suffer as the weather gets colder, with the cost of heating fuel increasing. And soon the extra transport and manufacturing costs will filter down into retail prices, affecting each and every one of us as we do our shopping.

### [China warns transport firms after fuel price hike](#)

Transport companies must not take advantage of this week's 10-percent fuel price hike in China to raise their own prices excessively, the nation's top economic planning body

said on Saturday, warning it was watching closely.

People would be encouraged to report illegal behaviour, such as price gouging and hoarding, which would be dealt with by the law, the powerful National Development and Reform Commission said on its Web site ([www.ndrc.gov.cn](http://www.ndrc.gov.cn)).

### [China to raise fuel surcharge on domestic flights](#)

China will raise the fuel surcharge for passengers on domestic air flights this month, easing the cost burden for airlines after a 10 percent rise in jet fuel prices, the official Shanghai Securities News said on Saturday.

### [Dominican Republic: Government absorbs most fuel price rises](#)

The Dominican government says it has decided to absorb part of the costs of this week's fuel price increases due to the emergency situation the country is experiencing as a result of Tropical Storm Noel. Gasoline prices have experienced only a slight increase, while propane will be sold at the same price as last week.

### [Officials say Delaware can fix looming energy problems](#)

The nation's energy and pollution problems require a new push for solutions on par with the Manhattan Project of World War II, panel members at a wide-ranging University of Delaware forum said Friday.

Behind the urgency are rising concerns about reliance on imported oil and mounting evidence that greenhouse gas emissions from fossil fuel use are changing the world's climate for the worse. Solving the problem, officials said, will require a massive shift to clean and renewable energy sources, such as solar and wind power, and a massive decrease in use of conventional fuels.

### [Does the "car of the future" have a future?](#)

So will a "super car" or a "FreedomCAR" or a "hypercar" or any of the other revolutionary new cars that have been proposed ever get built? Iain Carson and Vijay V. Vaitheeswaran, the authors of "Zoom: The Global Race to Fuel the Car of the Future" (Twelve; \$27.99), answer this question with a qualified "yes." Carson, who covers the transportation industry for *The Economist*, and Vaitheeswaran, a writer who holds an engineering degree from M.I.T., are "techno-optimists," as opposed to the "eco-pessimists" they sometimes deride. Yet their argument rests on an account of global trends that is nothing short of terrifying.

### [Kerr-McGee Ruling Roils Capitol Hill Energy Debate](#)

A federal judge's decision made public this week limiting Interior Department power to demand royalties from offshore oil producers when oil and gas prices are high could intensify Democrats' efforts to raise industry taxes and give Interior the muscle it needs to require industry payments.

### [Asian LPG rises to record on crude oil, gains in freight rates](#)

Asian liquefied petroleum gas rose to a record on gains in crude oil prices. Propane for delivery to Japan jumped 7.2 percent to US\$815 a metric ton, including cost and freight. Butane added 7 percent to US\$840 a ton.

### [Tajikistan's Much-needed Electricity Stalled in Uzbekistan](#)

When the Tajik and Turkmen presidents met in Dushanbe last month for a Shanghai Cooperation Organization (SCO) summit in Dushanbe, they announced that Tajikistan was going to import electricity from Turkmenistan to help to solve its winter energy crisis.

Tajik President Emomali Rahmon said that Ashgabat, Dushanbe, and Tashkent had reached an agreement to deliver electricity from Turkmenistan to Tajikistan through neighboring Uzbekistan starting on November 1. The Turkmen electricity, however, has not arrived.

### [The Saudi Monarch's Visit to Another Kingdom](#)

When you look at the kingdom's billions in petro dollar reserves any moral reservation the West may have about doing business with the Arabian kingdom seems trifling indeed. Its huge (although rapidly depleting) oil reserves and the untold amount of Saudi cash invested and recycled as petro dollars in Western banks, property and even some strategic sectors make the kingdom an ideal place to do business for the British. The United Kingdom and Saudi Arabia do around 3.5 billion in bilateral trade annually. Furthermore, Saudi Arabia is one of the largest markets for Britain's arms exports and infrastructural projects.

### [Kazakhstan Wants Kashagan Talks to End By Nov 30](#)

Talks between the Kazakh government and Italy's Eni SpA-led Kashagan consortium about production delays and rising costs at the giant Kashagan oil field have to end by Nov. 30, Interfax news agency quoted a senior Kazakh official as saying Friday.



### [Kyoto? No way. Now about those tax cuts ...](#)

Every time I walk by the pond, I think of global warming and drought, and of Stephen Harper and his message of despair. Of his claim that we have no hope of meeting our Kyoto target, and that it's not worth the effort of even trying to meet it.

Well, last week the news about global warming took another turn for the worse.

### [Total boss on why oil production will never top 100 mb/d](#)

Christophe de Margerie has a reputation for forthright views and blunt speaking, but this week the chief executive of Total excelled himself by dismissing the IEA's oil production forecasts as unrealistic, while coining an aphorism worthy of Donald Rumsfeld.

### [Why oil at \\$100 may be desirable, after all](#)

Oil is all set to reach the once unimaginable \$100-mark. But the long-term positives for the global economy from this price surge may outweigh the collective pain we all endure on our visits to the fuel station.

### [Shallow-Water Driller Sees No Comfort in \\$100/Barrel Oil](#)

New offshore drilling rigs face an uncertain market, and the prospect of \$100-a-barrel oil may actually be hurting their chances of finding work, Jon Cole, chief executive of Scorpion Offshore Ltd. (SCORE.OS) said Thursday.

"It's actually stunting demand for our rigs" by encouraging governments to exert more control over reserves, which discourages new investment, he said, speaking on a panel at the International Association of Drilling Contractors' annual convention.

### [PdVSA Won't Seek Partners for Former Exxon, Conoco Fields](#)

Venezuela has no plans to find new partners among foreign oil companies to jointly operate the oil fields left behind by Exxon Mobil Corp. (XOM) and ConocoPhillips (COP) earlier this year.

"No, no, there are no plans to get new partners. That's not being considered and we're not open to that. We like having those fields in the hands of Petroleos de Venezuela," Oil Minister Rafael Ramirez said Thursday in remarks to the press.



### [France and Britain ready to lay out eco-friendly tax cuts](#)

In a bid to solidify Europe's position as a leader in the fight against global warming, France and Britain this month will lay out an ambitious plan to subsidize environmentally friendly products through Europe-wide tax cuts.

### [U.S. Climate Bill Would Pay Farmers to Store Carbon in Soil](#)

U.S. farmers can turn their dirt into cash under climate change legislation that pays them to bury pollution blamed for global warming.

### [Nordic nations sound alarm over melting Arctic](#)

"The Arctic and the world cannot wait any longer," environment ministers from the five nations said in a joint statement after talks in Oslo. The five all have Arctic territories.

"The climate is hurtling towards a turning point after which irreversible processes will have been set in motion," they said of the Arctic thaw.

### [Lomborg: A better way to spend Kyoto's trillions](#)

Kyoto will save about 140,000 malaria deaths over the century. At one-60th the cost, we can tackle malaria directly and save 85-million deaths.

### [From Burma to Beijing: Asia's sensitive petrol politics](#)

China's announcement Thursday that it will raise the price of fuel risks angering its poorest citizens. Fuel prices have sparked unrest in several Asian nations.

### [Alaska upping ante for oil companies](#)

If oil companies want to continue taking Alaska's oil, state officials say they need to up the ante.

In fact, Gov. Sarah Palin wants 25 percent off the top of all profits the companies make in Alaska, up from 22.5 percent and the second hike in as many years. In a special legislative session, oil giants are warning lawmakers that another increase will make the business climate look unstable.

But after Western oil companies have been effectively kicked out of Venezuela and Russia, these could just be hollow arguments.

## [Peak Oil: Time's Up](#)

Given EWG's findings of a 2006 oil peak and a halving of oil production by 2030, and ASPO's declaration that the facts best fit a scenario where all liquid fuels peak around 2012, severe economic discontinuities can now clearly be seen to be unavoidable.

## [Enriching the enemy](#)

Soaring oil prices limit U.S. leverage and embolden our geopolitical adversaries.

## [Iowans to pay heavily for record-high oil](#)

When fuel prices rise, truckers pass some of the additional cost on to their customers. Those customers, in turn, pass the additional cost on to the consumer of the goods being shipped, Sturgeon said.

"In the end the consumer, which is all of us, ends up footing the bill for higher-priced crude oil," Sturgeon said.

## [China promises safe gasoline supply after price hikes](#)

The production of refined oil products in China is still meeting demand despite regional shortfalls triggered by rising international prices, a senior official with the National Development and Reform Commission (NDRC) said Friday.

## [Russian anti-monopoly service probes into low oil production](#)

The Russian anti-monopoly authorities said they have inquired leading Russian oil refineries about reasons that recently led to reduced production of oil derivatives and higher prices.

Some media reports said this week that gasoline prices could rise 10-15% in Moscow and the Moscow Region due to technical maintenance works at three refineries in central Russia, including one in Moscow.

## [Byron King: Scary Stuff](#)

Halloween featured some very scary sights this year: Crude oil at \$95 a barrel and gold

at \$800 an ounce. These frightening visions of runaway commodity prices must be terrifying to anyone who trusts the Federal Reserve to preserve the dollar's value. On the other hand, individuals who invest in oil, gold and other types of commodities can derive a ghoulish delight from the dollar's slow demise. These individuals are making money... and they are likely to make even more money, as the world comes to grips with a genuine shortage of crude oil.

### [Should Bush open up the oil spigot?](#)

Criticism of how the Bush administration has been handling the SPR has been mounting ever since August, when the Department of Energy resumed building up the stockpile, even as oil prices surged. Earlier this month, seven Democratic senators complained that the buildup "sends a message to the marketplace that the Administration is comfortable with current price levels."

### [Nigeria to stop cash call payments to oil majors](#)

Nigeria plans to stop cash call payments to the five majors pumping the bulk of its oil output and instead wants them to raise money from international finance markets, President Umaru Yar'Adua has said.

He did not give a timeframe. Nigeria's oil industry is currently dependent on cash call payments to function and changing the financing arrangements would require the legal structure of the sector to be reformed.

### [Smithsonian balks at donation](#)

The Smithsonian Institution has taken the rare step of putting on hold a \$5 million donation from the American Petroleum Institute after two members of the museum complex's board of regents, including a U.S. senator, balked at accepting oil-industry money for a major initiative on the world's oceans.

### [Oil or gas? Prices may lead to switch](#)

With oil topping \$90 per barrel, some homeowners are weighing whether the price tag for switching to a natural gas furnace makes sense. The decision may depend on a variety of factors, including the availability of natural gas lines, an issue in the Northeast, where gas pipelines have historically been less common.

### [Melrose postpones bond amid turbulent market](#)

Melrose Resources, the British oil and gas exploration company, has been forced to

postpone what would have been the first euro denominated junk grade bond deal since the summer as this week's market turbulence took its toll.

### [The one thing airlines cannot do without](#)

Airlines have already done away with little luxuries such as meals in an attempt to trim costs but there is one thing they cannot do without: fuel.

The recent surge in the oil price has caught most airlines on the hop and they have not fully hedged their fuel requirements for next year. That will almost certainly mean higher fares for passengers, unless the turmoil in the financial markets causes a widespread economic slowdown.

### [Think tank: Climate affects security](#)

Climate change could be one of the greatest national security challenges ever faced by U.S. policy makers, according to a new joint study by two U.S. think tanks.

The report, to be released Monday, raises the threat of dramatic population migrations, wars over water and resources, and a realignment of power among nations.

### [Bloomberg proposes greenhouse gas tax](#)

New York City Mayor Michael Bloomberg proposed a national "pollution pricing" plan Friday that would tax companies directly for the greenhouse gases they release.

"If you really want to reduce carbon emissions, tax carbon at the source, which would mean at the mine head, at the oil well, whatever," Bloomberg told more than 100 other mayors at a climate summit sponsored by the U.S. Conference of Mayors.

### [Food crisis looms as climate change, fuel shortages bite](#)

Empty shelves in Caracas. Food riots in West Bengal and Mexico. Warnings of hunger in Jamaica, Nepal, the Philippines and sub-Saharan Africa. Soaring prices for basic foods are beginning to lead to political instability, with governments being forced to step in to artificially control the cost of bread, maize, rice and dairy products.

Record world prices for most staple foods have led to 18% food price inflation in China, 13% in Indonesia and Pakistan, and 10% or more in Latin America, Russia and India, according to the United Nations Food and Agricultural Organisation (FAO). Wheat has doubled in price, maize is nearly 50% higher than a year ago and rice is 20% more expensive, says the UN. Next week the FAO is expected to say that global food reserves

are at their lowest in 25 years and that prices will remain high for years.



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