



## DrumBeat: November 17, 2007

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Topic: [Miscellaneous](#)

[The Cowardly Giants](#): *Bottom line obsessed, Big Oil is forsaking the future.*

Today, however, with prices approaching \$100 a barrel, Big Oil has failed to ride to the rescue. The leading multinationals have grown too timid to spend aggressively on oil exploration — even at a time of record oil prices. Unless Washington adopts a new national energy strategy and finds way to pressure the majors into changing tactics, Big Oil — and the United States — could face serious trouble ahead.

...Some might argue that this is nobody's fault; there's just less new oil out there to be discovered these days. But in the same period, the next 20 largest U.S. firms — companies like Marathon and Devon — steadily *increased* their exploration spending, and now dish out as much as the majors despite having one third the operating cash. As a result, their production has climbed from 1.55 million barrels a day in 1996 to 2.13 million today. As this suggests, there's still more oil out there for those willing to look hard enough.

[Can Saudi square the oil circle?](#) - *The world's largest oil producer could soon find itself over a barrel*

Yet in the heart of the empty quarter to the south, Shell and other oil majors are searching in vain for new deposits. The Saudis opened up the region to overseas exploration in the 1990s when oil prices were barely in double figures. The empty quarter was hailed as one of the few big opportunities for the majors to get a foothold on the world's largest oil producer. Yet so far the appraisal wells have come up dry. No journalists were flown out to visit this particular area last week. 'Whether that's a sign the Saudis don't have as much oil as they say they do, we just don't know,' says Samuel Ciszuk of analyst Global Insight.

[How should I prepare for life without oil?](#)

We aren't very good at envisaging a post-fossil fuel lifestyle. Although we happily talk about the price of organic vegetables or even the true cost of fish, the soaring price of oil remains anathema in lifestyle circles. Odd because there's nothing that threatens our hydrocarbon-dependent lifestyles more.

### [Venezuela refinery outage hits local gas market](#)

A problem at the key cat cracker unit of the 200,000 barrels per day Puerto la Cruz refinery has hurt gasoline supply to the Venezuelan market since Friday, the state oil company PDVSA said on Saturday.

An unspecified "event" at what is a refinery's most important unit prevented PDVSA mixing gasoline at the refinery for 48 hours, the company said in a statement.

### [Thunder Horse platform payoff a long time coming for BP](#)

After fiascos involving its stability and even its very name, BP finally has its eye on the silver lining — a huge deposit of oil and natural gas under the Gulf of Mexico that will boost the company's bottom line as well as the nation's declining production.

"When it's fully up to speed, it's 250,000 barrels a day. That's significant production at a time when we're trying to get as much energy security as we can," Bob Malone, chairman and president of BP America, said after his first visit to Thunder Horse last week.

It's been a long time coming, a decade since BP discovered the oil field with up to 1.5 billion barrels beneath 6,000 feet of water.

### [President Bush to Veto Anti-OPEC Legislation](#)

U.S. President George Bush would still veto legislation allowing U.S. institutions to sue the Organization of Petroleum Exporting Countries for what some lawmakers claim are its actions in pushing up oil prices, the U.S. energy attache in Saudi Arabia said Friday.

"We don't think this legislation has a high likelihood of passage and President Bush has indicated that he will veto it if it is passed by Congress," Shannon Ross told OPEC delegates and officials at the Heads of State meeting here.

### [Brazil Eyes Nuclear Sub to Defend Oil](#)

SAO PAULO, Brazil (AP) — This month's discovery of a monster offshore oil reserve justifies Brazil's plan to build a nuclear submarine because it would be used to protect the find, the defense minister said.

"When you have a large natural source of wealth discovered in the Atlantic, it's obvious you need the means to protect it," Nelson Jobim said Thursday at a defense conference in Rio de Janeiro.

### [US lawmakers alarmed by Chavez's plan for nuclear energy program in Venezuela](#)

Two Florida congressmen said Friday that Washington should be alarmed by Venezuelan President Hugo Chavez's plans to develop a nuclear energy program while building close ties with Iran.

### [Oil price could hit \\$150 a barrel](#)

Oil could reach \$150 a barrel and needs a new system of pricing that would take the power out of the hands of financial speculators, Opec delegates at a special summit in Saudi Arabia were told today.

While no one wanted to feed further fear into the market, industry players spoke behind the scenes about prices going up to \$125 or even \$150, said Kuwait-based consultant Usameh Jamali.

### [Asian leaders aim for green region, promote nuclear energy](#)

Asian leaders from 16 countries will pledge to increase the region's forest cover by 2020 and promote the use of nuclear energy during their annual summit here next week.

### [Asia's potentially dangerous oil addiction](#)

When leaders of the world's most powerful energy cartel meet in Saudi Arabia today, it will underline Asia's increasing reliance for vital oil supplies on the politically volatile Middle East. The summit, only the third in the 47-year history of the Organization of Petroleum Exporting Countries (OPEC), will seek long-term assurances of demand for OPEC oil. Only then will OPEC be prepared to invest in new production capacity.

### [Maine Governor moves to guard fuel supply](#)

Record high oil prices and a desire to be prepared for potential fuel shortages this winter are prompting the state government to develop an energy emergency management plan.

Gov. John Baldacci said Friday that he is setting up an energy task force to help coordinate state resources.

Fuel shortages or price spikes during the heating season could lead Baldacci to declare energy emergencies and take steps needed to protect public welfare, such as opening shelters and monitoring price gouging.

### [‘Help save us from global warming disaster’ Science fiction now science prediction?](#)

London lies devastated. Many thousands are dead and millions are homeless after a freak storm floods the city. The Millenium Wheel no longer turns as it is half submerged under water. Big Ben can only peep its head above the deluge. Trafalgar Square, Whitehall, the Docklands. All have fallen victim to the biggest natural catastrophe the earth has ever seen.

### [Petro-Canada Announces a Lockout at its Montreal Refinery in Hopes of Reaching a Collective Agreement](#)

In the hopes of arriving at a collective agreement, Petro-Canada today notified the Communications, Energy and Paperworkers Union (CEP Local 175) at the Montreal Refinery that management is assuming operations and unionized employees will be locked out.

### [High food prices could help the very poor](#)

Most of the world’s poor live in the rural backwaters of Africa, Asia and Latin America. Most of them are small farmers or landless farm workers. The overwhelming majority of them are starting to benefit from the present rise in global food prices. They would benefit even more if governments would allow markets to do their job. China for example, long ago in Maoist times the friend of the peasant, controls food prices to keep its city people happy.

### [Global Refining Capacity Shortage: One Way Out](#)

Global energy needs are likely to grow steadily for at least the next 25 years. The International Energy Agency (IEA) reports that if the world continues with the current energy-related policies, its energy needs would be more than 50 percent higher in 2030 than now. Over 60 percent of that increase would be in the form of oil and natural gas; much of this demand would be centered on gasoline and distillates.

Despite this ever-rising demand, the global refining capacity has been steadily shrinking. The capacity has decreased to 103 percent of the total oil demand in 2004, down from 109 percent in 1990 and 107 percent in 2000. Prime reasons for this trend are traditionally low profit margins and stiff regulations.

### [Oil’s Next Big Move: The Unseen Reason Why \\$150 Oil May be Right around the Corner](#)

There is at least one obvious reason why oil prices could soon hit \$150 a barrel, namely:

some sort of military confrontation between the United States and Iran. But there is another, unseen reason why prices could go that high in the coming months.

### [Oil's Next Big Move: The Unseen Reason Why \\$50 Oil May be Right around the Corner](#)

There is so much “dumb” money in the oil market right now that unsophisticated traders could suddenly “panic,” sending the price down to \$50 a barrel or lower.

That's the expert opinion of Peter Fusaro, a noted observer of energy trading markets who publishes a directory of energy hedge funds.

### [Global zerophobia has made a monster of \\$100 a barrel oil](#)

What a difference a single dollar makes. As a matter of fact, almost like a mind-altering-shock wave, a global hysteria, a cry of the consumer to be heard around the deepest corners of the globe, in addition to being 'breaking news' to the hearts content for the glitzy-TV-media-machine.

### [Bahrain says oil undervalued due to weak dollar](#)

The price of oil is undervalued due to the dollar exchange rate, Bahrain's oil minister said on Saturday, in the latest expression of concern in Gulf Arab states over the sliding U.S. currency.

"If you look at the exchange rate, of course it (the price of oil) is undervalued," Abdul-Hussain bin Ali Mirza, head of Bahrain's National Oil and Gas Authority, told reporters. He declined to say what the fair price of oil would be.

### [Turkmenistan energy project challenged](#)

U.K. environmental analysts are questioning the integrity of Turkmen hydrocarbon projects.

Critics have said that deals to increase extraction of resources do not take into account environmental protection. According to the London-based Institute for War and Peace Reporting, environmentalists are calling for the authorities in Turkmenistan to conduct monitoring of the damage to the environment caused by extraction and processing. The country currently ranks fourth in the world for natural gas extraction.

### [Iraq says security boost helps oil flow](#)

"The security situation in Iraq over the last year has not helped the oil industry in the country to produce as much as Iraq can produce and make available to the world market," Hussain al-Shahristani told reporters this week on the sidelines of an OPEC summit.

"However, in the last couple of months there has been very significant improvement in the security conditions in the country," he said. "We have been producing more oil. As a matter of fact our production has almost reached 2.5 million bpd, up from about 2 million a few months ago."

### [Employment Up On North Slope](#)

Alaska oil production has been in a long, slow decline for years, but employment in the oil fields is booming, a state labor economist said Wednesday.

Oil and gas employment is expected to reach 11,400 people this year, up from 10,200 last year, said Neal Fried, of the state Department of Labor.

### [Argentina Oil, Fuel Export Tax Gives Government Short Term Gains](#)

The Argentine government's decision this week to sharply hike oil and fuel export taxes will help fill state coffers in the near term, but is expected to further undermine much-needed investment as the nation coasts toward becoming a net oil importer.

### [Ecuador: Much to Gain from Rejoining OPEC](#)

President Rafael Correa said Thursday that Ecuador stands to gain a great deal from rejoining the Organization of Oil Exporting Countries, such as access to loans from other OPEC members and to "privileged information on petroleum issues."

### [Pertamina looking to raise standing](#)

Left behind by other national oil companies, Indonesia's state oil and gas company PT Pertamina is pursuing overseas expansion in Latin America, Africa and the Middle East to improve its output and global standing.

### [Citgo Scales Back in U.S. To Fund Chávez's Goals](#)

In 1997, one of every 10 gallons of gasoline U.S. drivers bought came from a Venezuelan-owned refiner, Citgo Petroleum Corp. That year, a student at Oxford University wrote a thesis saying Citgo was cheating Venezuela's people by investing too



much in the U.S., and should send more cash home.

The student, Juan Carlos Boué, drew scant attention until four years ago, when Venezuela's populist president, Hugo Chávez, took control of the state oil apparatus. Today, Mr. Boué is an influential member of Citgo's board. And Citgo, which Venezuela bought two decades ago to market its hard-to-refine heavy oil, now has a different focus: feeding cash to Mr. Chávez's program to build socialism in Venezuela.

### [The Philippines: Beneco 'unprepared' for energy crisis](#)

THE Benguet Electric Cooperative (Beneco) has admitted it does not have contingency measures to address the looming energy crisis, projected to take place in 2010.

### [US power company linked to Bush is named in database as a top polluter](#)

An American power company with close financial links to President George Bush has been named as one of the world's top producers of global warming pollution.

### [Climatologist wants halt to coal plants](#)

At 66, one of the nation's most prominent climate-change scientists says he's more interested in finding solutions than placing blame for a warming planet.

One key solution, physicist James Hansen said Friday: No more coal-fired power plants like the one Duke Energy plans to expand 50 miles west of Charlotte.

### [Are Hedge Funds Summiting Peak Oil?](#)

Oil's recent flirtation with the \$100 per barrel mark is a strong message that our country is completely reliant on "black gold" and the world's supply is in precarious balance. Hedge fund speculators tend to aim at areas under surges in demand or shortages in supply. They don't tend to run out and buy Florida real estate right after the bubble has been pricked. But, why oil? Why is the energy sector of hedge funds now larger than all other hedge fund-focused industry sectors combined? Is the answer Peak Oil?

### [Shell Restarting Ursa Oil Platform in US Gulf](#)

Royal Dutch Shell plc (RDSB.LN) is restarting production at its Ursa platform in the Gulf of Mexico, spokeswoman Darci Sinclair said Thursday.

The platform, which produces nearly 100,000 barrels a day, was shut around Nov. 3, and a short maintenance down time was prolonged by strong ocean currents that prevented divers from making unexpected repairs.

### [Nigeria: Mend Breaks Militants' Deal With Gov Uduaghan](#)

Movement for the Emancipation of the Niger-Delta (MEND) has broken the unwritten pact, which the Delta State Governor, Dr. Emmanuel Uduaghan, had with militants in the state not to attack oil installations in the state following the unexpected bombing, Thursday, of the Shell Petroleum Development Company (SPDC) crude oil delivery pipeline to the Forcados Export Terminal in Delta State.

### [Iran Gas Plan Would Almost Double Output From Current Level](#)

Iran plans to almost double its natural gas production to 200 billion cubic meters a year by 2012, an official at the country's national gas company said Friday.

"We are investing heavily in developing our gas sector, and increasing capacity, despite the hurdles that are facing us," Saeed Ghavampour, head of strategic studies at the National Iranian Gas Co., told Dow Jones Newswires in an interview.

### [Peak Oil: Global Supply Quickly Spiralling Downward](#)

Two closely interrelated and potentially devastating crises will dominate economics, politics and daily life in the 21st century – global warming and peak oil.

### [Fusion vs. the Kingdom](#)

While Saudi Arabia touts the oil reserves of its barren 'Empty Quarter', a B.C. inventor toils to turn the entire energy world on its head.

### [Garage scientist aims to thwart OPEC](#)

Cold fusion would solve world's energy woes. Trouble is no one so far has made it work.

### [Saudi Arabia Not Alone in Defending Dollar in OPEC](#)

Saudi Arabia's decision to exclude the falling dollar from discussions at this weekend's OPEC summit was supported by others within the producer group, Angola's Finance



Minister Jose Pedro de Morais said.

### [OPEC summit final statement expected to include 36 articles covering axes](#)

Final statement of the Third OPEC summit, to start here later this evening, is expected to include 36 articles covering the conference's three axes, Providing petroleum, Promoting Prosperity and Protecting the Planet.

### [Facing the 21st century in a mountain town](#)

The geologists can argue until the cows come home about whether we've reached "peak oil," but no one seriously argues that the stuff is going to get cheaper, aside from the usual market fluctuations, in coming years. And even if the U.S. once built a coal-powered national transportation network that used petroleum only for lubrication, the current system relies on gasoline, diesel fuel and jet fuel.

So if you need tourists to support your local economy, you have to wonder how they'll arrive.

### [Civil Rights and Suppression of Terrorism](#)

We know that peak oil is upon us. Already oil prices are skyrocketing, food prices are behaving similarly. This causes a squeeze on disposable income which will result in a recession. We can fully expect to live the rest of our lives out during a state of economic decline.

### [Alaska Senate Committee Reverses Decision on Tax Hike](#)

The Senate Finance Committee reversed its course Wednesday night and decided to back Gov. Sarah Palin's tax hike on oil companies' net profits.

By agreeing to raise taxes from 22.5% to 25%, the committee essentially paved the way for the bill to pass in both houses before the session ends at midnight Friday.

### [Russia eyes 5.2% oil output jump](#)

Russian oil output will jump 5.2% between now and 2010, according to the country's Energy Minister Viktor Khristenko.

...The jump in production owes itself to new projects in Eastern Siberia, offshore production at Sakhalin and the Arctic north, the paper said.

### [Saudi may revalue, won't drop dollar peg](#)

Saudi Arabia could consider revaluing the riyal with other Gulf oil producers, but has no plans to drop its peg to the sliding dollar to track a currency basket, a source familiar with Saudi currency policy said.

### [Nigeria worried about impact of \\$100 oil on demand](#)

The surge in oil to nearly 100 dollars a barrel has raised "significant" concerns that the high prices will hit demand in the longterm, Nigerian Oil Minister Odein Ajumogobia said Saturday.

The minister, speaking on the sidelines of a summit of leaders here, said: "There must be concern that the high price will eventually suppress demand."

### [Oil prices lower than 'real' value: Ahmadinejad](#)

Iran's president Mahmoud Ahmadinejad said on Saturday that crude prices, hovering close to 100 dollars a barrel, are still lower than the actual value, the state news agency IRNA reported.

"The pressure on the fossil energy (oil) market is not artificial and the price of this commodity is lower than its actual price," Ahmadinejad said before leaving Tehran for an OPEC summit in Saudi Arabia.

### [Chavez launches initiative to back OPEC, Iran](#)

Venezuelan President Hugo Chavez pursued an ambitious diplomatic mission Saturday aimed at persuading OPEC nations to maintain oil prices at their current level, defending Iran's nuclear program, and stepping up efforts to get Colombian rebels to release hostages.

### [Peak Oil Passnotes: Neo-Liberalism's Ultimate Failure Part 2](#)

We pointed out last week that this column does not put any faith in the current system of economics loosely known as neo-liberalism or "free markets". We have noted that despite its ideologically rigid application around the world for the last 25 years, it has done nothing to create a supply cushion in oil markets. Instead what it has done is pass giant profits to the most powerful organisations within the industry, privatising the profits and socialising the costs.

### [Fire erupts at Iraqi oil reservoirs in Baghdad](#)

A huge fire erupted at oil reservoirs in southern Baghdad on Friday.

In a press statement, Iraqi security sources said the fire was caused by an exploding generator at the reservoirs' site in Al-Lateefiyah.

### [Peak Oil? Peak Gas May Not Be Far Behind](#)

Is the global natural gas pipeline half full or half empty? In other words, is the world's natural gas production headed for a peak along the lines of that expected for oil? Whatever happens, and whenever it happens, industry executives, analysts and even a few ministers from gas-exporting nations are beginning to acknowledge that demand for natural gas cannot continue to increase at the accelerating rate of recent years, or that projected for the future. If gas supplies are limited in the future, whether by geology or geopolitics, consumers at all levels will effectively be challenged to find an "alternative alternative," since gas is already viewed as the preferred substitute for both oil and coal.

### [Kuwaiti oil official optimistic about results of Riyadh OPEC summit](#)

Speaking to KUNA on sidelines of the summit conference, the Kuwaiti official said OPEC was capable of achieving aspired objectives, noting that the summit gained its significance as the world oil prices reached unprecedented levels.

### [Zambia to shut sole refinery over crude oil crunch](#)

Zambia will shut down its sole oil refinery for 12 days due to shortages of crude oil feed stock, prompting oil marketing companies to start importing fuel from next week, a government minister said on Saturday.

### [Grim climate change report prompts UN call for 'breakthrough'](#)

The world's top scientific authority on climate change published on Saturday its starkest warning yet, declaring that the impact of global warming could be "abrupt or irreversible" and no country would be spared.



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