



DrumBeat: December 18, 2007

Posted by [Leanan](#) on December 18, 2007 - 9:59am

Topic: [Miscellaneous](#)

[The limits to reserves growth](#)

Reserves growth in existing oilfields is largely illusory and will not put off the date of peak oil, according to BP's former Chief Petroleum Engineer. Speaking at an investment conference organized by 13D Research in New York, Jeremy Gilbert argued that although reserves growth has added twice as much oil to reserves than has discovery over the past 25 years, this apparently reassuring historical trend is no guarantee of the future.

In an interview with [lastoilshock.com](#) and Global Public Media, Gilbert went on to explain how reserves growth – the tendency for reserves estimates to rise during the lifetime of an oilfield – results largely from distortions created by the conservative reporting rules of the US Securities and Exchange Commission (SEC). This he says has fostered a “myth” that reserves always grow, whereas proprietary data from major oil companies suggests they are just as likely to be revised downwards.

[\\$3 gas: America's braking point](#)

After shrugging off high prices for years, American drivers are finally starting to cut back. Is it a sign of shifting habits, or looming recession?

[Angola oil exports to fall, output below OPEC target](#)

Angola is set to export 1.80 million barrels per day in February, down 70,000 bpd from the previous month, its second consecutive monthly decline, trade sources said on Tuesday.

[Big physical Oman oil delivery may haunt DME in '08](#)

Six months on, the main selling point for the Dubai Mercantile Exchange's Oman crude futures contract could also be its biggest obstacle, if traders continue to use the facility as a way to buy or sell physical oil.

[Venezuela to loosen price controls to help stem food shortages](#)

President Hugo Chavez's government plans to loosen price controls on some basic foods to help stem shortages of items like milk and cooking oil, the finance minister said.

[Last Major Field Goes Online: How Long Will Siberia's Gas Last?](#)

Demand for energy is growing, both domestically and abroad, and Russian energy forecasters predict Siberia will satisfy that demand. Alexander Grizenko, an advisor to the board of directors of Russian energy giant Gazprom, expects production volume to increase until 2030 when, according to his predictions, a peak level of well over 800 billion cubic meters a year will have been reached. Grizenko also emphasizes that the country will be able to maintain a very high level of production for another 30 years after that.

But Jean Laherrere, chief statistician at the Swedish-based Association for the Study of Peak Oil and Gas, paints a completely different scenario. He believes that production will peak in only eight years and decline rapidly after that. According to Laherrere's prognosis, in 2060 -- when Russian visionaries predict that production levels will still be higher than they are today -- it will in fact be close to zero.

[Addendum to Connecticut Peak Oil Report to the Governor](#) (PDF)

While the prospects of both oil shale and oil sands liquid fuel production remain modestly hopeful, they appear to be fatally limited by various natural resources supply limitations. The rate at which, and the extent to which these potential sources of liquid fuel supply can be developed will not, in a timely manner, slow down rising costs or delay a near-term oil supply crunch of an indeterminable length.

[Study Shows Urban Sprawl Continues To Gobble Up Land](#)

The results are in contrast to a well-publicized study last year that concluded that the extent of sprawl remained roughly unchanged in the United States between 1976 and 1992.

"We found that the areas where sprawl increased the most were in the exurban areas -- out beyond even the suburbs," said Elena Irwin, co-author of the study and associate professor of environmental economics at Ohio State University.

[China's Southwest Hit by Fuel Crunch](#)

Drivers waited in lines up to a half-mile long to buy gasoline in China's mountainous southwest Tuesday amid rationing aimed at easing a fuel crunch in key export regions elsewhere.

Supplies began to run out Sunday in Yunnan province, triggering rationing, filling station employees and news reports said.

The crunch follows a diesel shortage in China's export-driven southeast in October and November that disrupted trucking and prompted the government to order suppliers to take emergency measures.

Fuel ran short in Yunnan after a pipeline used to deliver gasoline was switched to carrying diesel in response to the shortage, the state Xinhua News Agency said. The pipeline is owned by China's biggest refiner, China Petroleum & Chemical Corp., or Sinopec.

[China diesel imports, now rivaling U.S., may persist](#)

A surge in China's diesel imports to new records, which has put additional strain on global markets toward the peak of winter demand, could last through next summer unless idled "teapot" refiners rev up again.

[China sets up oil reserve center](#)

China started a state strategic oil reserve base program in 2004 as a way to offset oil supply risks and reduce the impact of fluctuating energy prices worldwide on China's domestic market of refined oil.

With the approval of the government, the center was officially launched Tuesday, said the National Development and Reform Commission, which oversees a wide-range of social and economic affairs, including energy.

[UK: Diesel shortage sparks panic at pumps](#)

DRIVERS panic-buying diesel could leave the pumps dry in Swindon.

Several filling stations reported that they did not know when they would be getting their next delivery of fuel.

It is thought drivers panic-buying diesel following reports of a fuel price protest last week could be the cause behind the shortages.

[Nepal: Petroleum dealers pull down shutters](#)

Majority of petroleum dealers that did not receive petrol pulled down their shutters on Monday. This affected supply of diesel in the Valley, where shortage of petrol has become an acute problem.

Consumers - even those seeking diesel - were seen queuing at a handful of refilling stations that supplied fuel today. This created a rush at the refilling stations causing inconveniences to consumers.

[Heating oil runs low in Cape Breton](#)

Ten years ago there were three companies delivering furnace oil to Cape Breton. Then Petro Canada and Irving Oil pulled out, leaving Imperial Oil as the only supplier.

Local fuel companies say Imperial Oil only keeps a few days' supply in its tanks to keep its expenses down, so when the delivery tanker is late, it doesn't take long to have an impact.

[Alaska: Fuel costs strap the Bush](#)

In a survey this summer of 100 Alaska communities, the state found that the average price of gasoline was \$4.49 a gallon. Heating oil was only slightly cheaper, at \$4.14 a gallon. Prices like that take a heavy toll, especially with the harsher weather and drafty homes common in many Bush communities. And most Bush residents must get by on much lower incomes than their urban counterparts.

[Mexico Senators May Break Pemex Monopoly on Refining, Pipelines](#)

Mexican President Felipe Calderon's National Action Party is working on a proposal to end the state's 69-year monopoly on oil refining and pipelines, freeing cash for Petroleos Mexicanos to invest in production.

The plan would allow private companies to operate pipelines and refineries in Mexico, said Sen. Ruben Camarillo, secretary of the Senate Energy Committee. Outsourcing part of those operations would allow Pemex to boost investment in exploration and production as crude reserves and output dwindle, he said.

[Petrobras to invest up to \\$1 bln in Bolivia](#)

Brazil's state energy firm Petrobras announced plans on Monday to invest up to \$1 billion in Bolivia to increase natural gas production and look for new reserves of the fuel.

The plan marks a turning point in strained relations between the leftist government of Bolivian President Evo Morales and Petrobras, which criticized Morales' energy nationalization last year and froze planned investments.

[Oil Rigging Elections](#)

As the baleful effects of soaring oil prices ripple through the economy, the quest for an oil substitute becomes political, especially when presidential candidates stumping in Iowa before the caucuses have to pledge to preserve or expand subsidies to the corn-based U.S. ethanol industry.

[Driving in circles: Society's reliance on cars takes away from traditional residential planning](#)

You don't hear people even talking much about mass transportation anymore. In light of the energy crisis and mounting costs for highway and bridge repair, states especially ought to be looking at ways that we could travel more efficiently. Over the next few years, we'll probably be bumper to bumper throughout the entire United States.

[RIP for the SUV](#)

Stick a fork in them, they're done. SUVs once ruled the Earth but like the dinosaurs, they've outlived their time.

[Illinois wins coal-energy project](#)

Illinois won a prized national competition Tuesday for a cutting edge energy project that researchers hope will prove that abundant coal can be burned for power with virtually no pollution.

Mattoon in East Central Illinois was picked as the site for the \$1.8 billion FutureGen plant by a consortium of coal companies, utilities and the Department of Energy, which will pay for the experiment.

[Another Push for Nuclear Power](#)

Sen. Pete V. Domenici doesn't give up easily.

The ranking Republican on the Energy and Natural Resources Committee may be retiring next year, but he is still pushing hard to give the nuclear power industry a helping hand from the federal government.

[David Fleming's New Book Provides Death Knell for Nuclear Power](#)

David Fleming, creator of the concept of Tradeable Energy Quotas and author of the forthcoming and rather wonderful "Lean Logic", has just published The Lean Guide to Nuclear Energy, which is a thorough demolition of the case for nuclear power being a solution to peak oil, and climate change. You can download the pdf for free [here](#) or you can order printed copies [here](#). Like much of David's writing, it patiently yet assertively builds its arguments, backed up by exhaustive research, to build a case against nuclear power that looks pretty much bulletproof to me.

[BP's Atlantis oil platform starts up after delays](#)

BP Plc has started production at its Atlantis platform in the Gulf of Mexico, after delays, the London-based oil major said on Tuesday.

BP said in a statement that the facility was expected to reach plateau production by the end of 2008. The company is looking to new projects including Atlantis to turnaround a recent record of falling oil and gas production.

[Oil Dreams in the Gulf of Mexico](#)

The oil industry has an incentive to produce oil from deep-water fields as rapidly as possible because of the high development and production costs. Field production is ramped up rapidly to a high peak or plateau and almost always starts declining within 5 years after the field comes on-line. It's realistic to expect the average decline rates for deep-water fields to be 15%/year or higher.

[Raymond J. Learsy: George W. Bush as Marie Antoinette, "Let Them Go Ice Fishing In Maine" \(Part One\)](#)

With winter's falling temperatures millions of American households are having their budgets devastated and residing in near freezing homes because of heating oil prices they can no longer afford. This while we have an administration and a Department of Energy (DOE) oblivious in action and deed, nay even supportive of the sky-high price of oil leading to these exorbitant levels for fuel and gasoline.

[Peak Oil and Portfolio Prudence](#)

For most of us, the holidays mean it's time to shop for gifts. For investors, the end of the year also means it's time to evaluate how their investments have done and consider changes for the coming year. This includes Peak Oil aware investors who should step back and take a good look at not just investment portfolios but also lifestyles to make

sure both are in line with goals and objectives.

[Soaring food prices threaten millions: UN](#)

The United Nations Food and Agriculture Organisation (UNFAO) is warning that the soaring cost of food is threatening millions of people in developing countries.

Food prices are now growing at the fastest rate since the 1980s, pushing inflation globally.

In the poorest countries, farmers have been hit hard by the droughts and floods linked to climate change, a rising oil price and a growing demand for biofuels.

[China to lead India in 2008 energy race: analysts](#)

The race for energy by rising powers China and India will intensify in 2008 as they scour the world for fuel to feed their booming economies, and Beijing has taken a big early lead, analysts say.

Everywhere, China -- with its deep pockets and energetic diplomacy -- has been beating lumbering, bureaucratic India to the punch in the quest to lock in long-term supplies in Asia, Africa and Latin America, analysts say.

[Venezuela pays off \\$740 mln oil project debt](#)

Venezuelan state oil company PDVSA and Chevron Corp have paid all outstanding debt at the Hamaca heavy oil project in the South American country.

PDVSA said in a statement late on Monday that a final prepayment of about \$340 million, plus interest, was made on Friday, following a prepayment of \$400 million, plus interest, on Nov. 30.

[Kurt Cobb: Welcome to Fantasy Air](#)

But since airline growth is linked to growth in the general economy and since peak oil is expected to cause a general decline in GDP, air transport will follow that general decline. Bezdek provides two scenarios, one based on a 1 percent annual decline in GDP through 2026 (labeled "Optimistic Peak Oil Forecast") and a second based on a 2 percent decline (labeled "Pessimistic Peak Oil Forecast"). He concludes: "[I]n both scenarios, passenger traffic declines faster than GDP, passenger revenues decline faster than traffic, and air cargo declines faster than passenger traffic or revenues."

[Panic the big threat to planet](#)

IT looks as if the global warming issue will largely determine the fate of the Rudd Government. It has a climate policy based on unproven scientific claims and carrying putative commitments during the next several years that would savage the economy and our way of life.

At stake are billions of dollars in new taxes and costs, reduced export income, the disabling of whole industries and investment in them, and fortunes made by the promoters of horrendously expensive energy substitutes. There will be large-scale net costs imposed on the rest of us. More than \$3 billion worth of programs are already committed, with additional plans for trashing household hot water systems and billions for renewable energy.

[Desperate times, desperate scientists](#)

Fed up with politicians and the media, scientists are pleading to the world to wake up to the imminent threats of global warming.

[Do recent storms indicate a climate shift?](#)

"This report demonstrates that we are already seeing the effects of global warming even with a relatively small increase in temperatures. The projected increases are much greater, and the impacts are already much more than was predicted."

[ASPO-USA: The Time for Energy Action is NOW ... not "decades away!"](#)

At a bare minimum, ASPO-USA needs a small, full-time staff to fulfill our non-partisan, non-profit mission to conduct research and education programs that raise awareness of our peak oil and natural gas challenges and promote a sane energy future for ourselves, our children, and our grandchildren.

...We've never before asked for contributions, but now we need a little help from our friends. We need your tax-deductible contributions of \$100, \$500, \$1000, \$5000 or more to raise a final \$100K which, with the Matching Grant, will give us the \$300K needed to fund a two-year campaign to get sustainable foundation funding to support ongoing operations with a full-time staff and office.

[Total Confirms French Refinery Workers On Strike](#)

French oil major Total SA (TOT) Tuesday confirmed workers at some of its French

refineries were on strike but said it was too early to estimate the impact of the strike on output.

[New pipeline projects to boost Europe's energy security - Putin](#)

Projects to build an oil pipeline across the Balkans and a natural gas pipeline under the Black Sea will boost Europe's energy security, the Russian president said on Tuesday.

[Food vs. Fuel](#)

The world's food system may be about to go into crisis, and the U.S. government's energy policy may be partly to blame.

[A worrisome forecast for the world's crops](#)

Studies on rising ozone pollution, shorter winters, and an expanding tropical belt do not bode well for agriculture.

[Part I: The Price of Biofuels](#)

Making ethanol from corn is expensive. Better biofuels are years away from the gas tank. But do we really have any alternative?

[Mining could bridge energy 'generation gap'](#)

COAL mining could return to Wales on a large scale and answer the "generation gap" in energy production in the coming years, a committee of MPs concluded yesterday.

[Kunstler: Failure Beyond Finance](#)

What we're also seeing is a crisis of authority on top of a crisis of capital, and it will probably lead to a crisis of legitimacy -- by which I mean a catastrophic loss of faith that this society can govern itself at any level. Leadership across the board has failed, in government, in business, in what used to be called the press, and in education. Leadership in every sector went along with the program, marveling stupidly at their society's ability to get something for nothing.

[Reality Report: global economy under stress](#) (transcript of previously posted audio)

Nate Hagens: ...So its people at the margin that need to borrow money to buy a house or that work at a company that's economically linked, and 70% of our economy is consumer goods related. So everyone stands to lose. But people that are in the lower half of the economic strata are probably going to be worse off. Incidentally, I heard an amazing statistic the other day that 1% of Americans -- the top 1% of Americans have over 51% of the wealth; meaning that 99%, the other 99% have the other 50%. This ratio has never been this high, except it got to 49%-ish in 1929 and that's kind of a scary parallel.

[Petrobras: Oil production up 1.8% in November](#)

In November, with operations going online at two new platforms (P-52, on the 28th, and the FPSO Cidade de Vitória, on the 15th), and with production being resumed at the three units that were underwent scheduled maintenance in October, the average oil production in Brazilian fields rose 1.8% compared to the previous month, topping out at 1,760,598 barrels per day. Together, the two platforms that kicked production off in November are capable of lifting 280,000 barrels per day.

[Peak oil rapidly approaching, oil sands still waiting in the wings](#)

The peak oil theory claims that the world is depleting crude at 30 billion barrels each year, but adding just 10 billion in discoveries. Depletion is running at 4% a year, according to official numbers. However, statistics from the Middle East are in question, and peakists believe the depletion rate is closer to 6%.

[Henry Groppe: IEA to blame for \\$100 oil spike](#) (transcript of previously posted audio)

DS: You've argued that the IEA's forecasts have been pretty badly wrong, and that led to mistakes by Saudi Arabia. But how good or bad would you say their historical - the IEA's historical oil production data is - and does it matter?

HG: Their historical data that's never corrected is generally high by from 500,000 to, roughly, two million barrels a day, and since those are - and, then, as they do their total balances, that generally ends up over reporting consumption in order to make all of this balance. So, you have the world operating on petroleum ministry data that is generally high for production and consumption by a half million to two million barrels a day, and that matters enormously.

[Surge in oil prices could sow seeds of their own destruction, by crimping economic growth](#)

Oil's run to nearly \$100 a barrel this year jacked up the cost of travel, clothing, beauty products and milk, and many analysts think fuel prices will remain at historically lofty levels throughout 2008.

But record energy prices could sow the seeds of their own destruction. Along with the

housing crisis, they are contributing to an economic slowdown that is sapping the country's energy appetite just as oil producers ramp up production.

"The cure for high prices is more high prices," said Tim Evans, an analyst at Citigroup Inc., in New York.

[Officials: Turkish army crosses into Iraq](#)

About 300 Turkish troops crossed the border at 3 a.m., said Jamal Abdullah, a spokesman for the regional Kurdistan government. He said the region was a deserted mountainous frontier area.

The U.S. Embassy in Baghdad declined to comment on reports of the Turkish operation.

[Dealing With Peak Oil Depression](#)

For many who have experienced the epiphany of the petroleum bell-curve, a sense of despair is the common after-effect. How does one accommodate oneself to that realization of dwindling material resources? And oddly enough, it is often the most astute, those who have the most to offer, who are in that very position of having to navigate the darkness.

[Rosneft to increase oil production in 2007 by 25% to 100 mln tons](#)

Russia's state-owned oil company Rosneft will produce over 100 million tons of oil in 2007, 25% more than in 2006, its chief executive said on Monday.

"This is a landmark event for the company," Sergei Bogdanchikov told journalists.

[Corn boom could expand 'dead zone' in Gulf](#) - *Farmers say crop too profitable to stop, despite problems downstream*

With demand for corn booming, some researchers fear the dead zone will expand rapidly, with devastating consequences.

"We might be coming close to a tipping point," said Matt Rota, director of the water resources program for the New Orleans-based Gulf Restoration Network, an environmental group. "The ecosystem might change or collapse as opposed to being just impacted."

[Officials to pick site for coal plant](#)

A government and industry research project to learn ways to burn coal without emitting global warming gases is taking a major step forward Tuesday with an announcement on where the futuristic power plant will be built — in Texas or Illinois.

The \$1.8 billion program, called FutureGen, has been under increasing scrutiny in Congress. Some lawmakers have questioned its soaring cost — nearly double the \$950 million originally projected — and its long delays.

[91,000 in Okla. still without power](#)

More than 91,000 homes and businesses remained without power early Tuesday. Overnight temperatures in the state in the past week have dipped into the teens.

Residents struggling to get by have a new problem to rival dwindling temperatures: dwindling bank accounts. Many have depleted their money on food that has now spoiled, or on hotels.

Some stocked up on food before the storm, while others used money to stay in a hotel, thinking power would be restored within a day or two.

"We've had people using generators who ran out of money for fuel to operate the generators," said Vince Hernandez, chairman of the American Red Cross of Central Oklahoma.

[Interview: Germany's top climate adviser](#)

The role of the industrialized countries is to demonstrate that you can protect the climate and nevertheless prosper and increase your well-being as a society. Germany has now put together a package for a 40 percent reduction of emissions — very ambitious, but we did the calculations and in the end it will save us money.

[Disappointments on Climate](#)

A week that could have brought important progress on climate change ended in disappointment.

In Bali, where delegates from 187 countries met to begin framing a new global warming treaty, America's negotiators were in full foot-dragging mode, acting as spoilers rather than providing the leadership the world needs.



[3.0 United States License.](#)