



## DrumBeat: December 20, 2007

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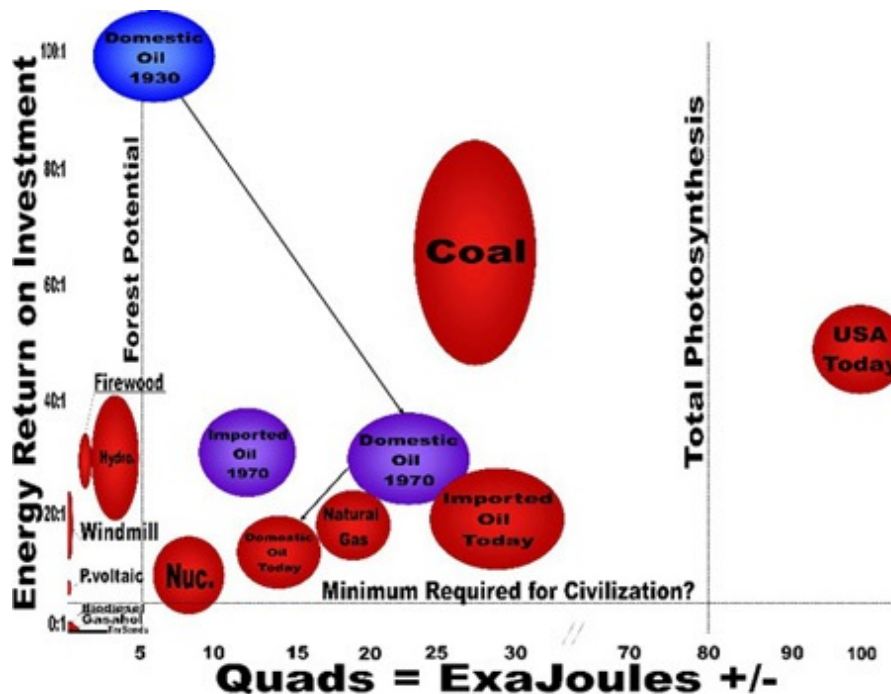
Topic: [Miscellaneous](#)

### [Oil prices will swamp subprime as market driver](#)

Here's my fearless forecast for 2008: The subprime mortgage mess will be far less important to investors next year than the price of oil.

The reason is simple: We don't sell our homes once a week, but that's about how often we fill up our gas tanks.

### [Kurt Cobb: Charlie Hall's Balloon Graph](#)



*Energy researcher Charlie Hall's balloon graph challenges the notion that alternative energy sources will provide a smooth transition to a post-fossil fuel society. Scale and energy return remain huge obstacles.*

Charlie Hall is one the best-known energy researchers you've never heard of. That's because he puts his effort into understanding whole energy systems such as human civilization rather than perfecting headline-grabbing energy panaceas such as corn ethanol. From the early 1980s onward Hall and his colleagues--some of them former students--have been warning that a society hooked on fossil fuels would find itself up against limits not easily breached--probably sooner rather than later.

### [Big powers in growing competition for oil](#)

The world's big powers are in growing competition to buy oil from top exporters and develop projects in energy-producing states, eager to secure supplies to propel economic growth.

### [US hits at Chinese oil deal with Iran](#)

The US has complained to Beijing about a new deal between Sinopec, the Chinese state-owned energy company, and Iran, in a sign of the rift between the world's big powers about Tehran's nuclear programme.

### [India - Refinery issue: farmers get ready for showdown](#)

Farmers having pattas and those in possession of land for several decades without any title deed are getting ready for a showdown and submit affidavits at a sitting convened at Rachapalli panchayat office on Saturday over land acquisition notices served on some of them as the authorities are trying to weaken their agitation through various means.

### [Inflation on the plate](#)

There is little doubt that growing prosperity is driving up food prices. Products such as corn have been diverted to produce ethanol for fuel. Meanwhile, global warming has hit farm output. Does this mean that we are headed for Malthusian hell? Not necessarily. As in the 1960s, human ingenuity will help us deal with this undoubtedly important problem. More investment and open markets, too, would help. Peak oil? Perhaps. Peak food? No way.

### [Living on the Fife Diet](#)

Food miles have become a burning issue in the climate debate as campaigners call for people to eat more local food. What happened when a family tried to survive on food only from Fife?

### [Plant cover in Haiti at two percent: UN official](#)

Deforestation in Haiti, where trees and bushes are routinely felled for cooking fuel, is at crisis level, with just two-percent plant cover now, the UN warned Thursday.

### [Alon says LA refinery recovering from outage](#)

Alon USA's 50,000-barrel-per-day Paramount oil refinery in Los Angeles has restarted some units after the plant lost power on Wednesday, the company said Thursday.

### [BG nixes plans to sell Israel natural gas](#)

The \$4 billion worth of natural gas that BG Group Plc controls off the Gaza Strip coast will not be sold to Israel as the company officially ended negotiations on Thursday, citing insurmountable differences on several key issues.

### [Crude Oil Rises on Report Showing That OPEC Shipments Will Drop](#)

Oil prices rose Thursday after an oil tanker tracking firm predicted OPEC oil shipments are falling for the first time since August.

Oil Movements, a British research firm, said it expects crude shipments from Organization of Petroleum Exporting Countries will fall by 230,000 barrels a day to 24.2 million barrels a day during the four weeks ending Jan. 5, Dow Jones Newswires reported.

The report reverses earlier Oil Movements forecasts that predicted oil shipments were on the rise.

### [Canadian crude oil production increases](#)

Canadian oil companies produced about 422,000 cubic metres of crude oil a day in 2006, up 5.4 per cent over last year, according to figures released Thursday.

Statistics Canada said a 1.1-per-cent decline in the production of conventional crude oil in 2006 was offset by a significant increase in the production of synthetic crude of more than 31 per cent.

### [Nigeria crude exports rebound to 2.14 mbpd in Feb](#)

- Nigerian crude oil shipments are expected to rise in February, breaking a two-month decline, because of an increase in loadings from the Bonny Light and Bonga terminals, traders said on Thursday.

The February loading schedule is estimated at around 2.14 million barrels per day, up 90,000 bpd from the previous month.

### [Fire Breaks Out At Kern Oil Refinery](#)

Firefighters said just after 12 a.m. Thursday, a pipe carrying a flammable material at the Kern Oil Refinery near Lamont burst. The liquid inside the tube caught fire.

### [Pemex Misses Oil Goal as November Output Drops 8.2%](#)

Petroleos Mexicanos, the state-owned Mexican oil monopoly, said daily crude oil production fell 8.2 percent in November from a year earlier as the company struggled with a three-year decline at its largest oil field.

Output fell to 2.9 million barrels a day from 3.16 million barrels a year earlier, Mexico City-based Pemex, as the company is known, said today in a report. Daily production also fell from 2.995 million barrels in October when bad weather caused temporary closures of offshore oil platforms.

### [Eni to cut petrol prices at some pumps - Italy antitrust](#)

Italy's antitrust authority said on Thursday that oil companies, including Italy's ENI, had committed themselves to lowering petrol prices at self-service pumps.

### [IOC has new strategy for overseas projects](#)

State-owned Indian Oil Corp. Ltd. says it has adopted an aggressive strategy for its overseas projects.

The company, an official said, has proposed combining upstream (oil and gas exploration) and downstream (refinery) activities while exploring business opportunities abroad.

### [Dolphins may stop oil exploration](#)

A school of bottle nose dolphins may have put parts of Cardigan Bay off limits for oil and gas exploration, UK energy minister Malcolm Wicks has announced today (Thursday).

### [Marathon to build clean diesel unit at Canton](#)

Marathon Oil said it plans to build a distillate hydrotreater at its 73,000 barrel-per-day refinery in Canton, Ohio, in 2008 to produce ultra-low sulfur diesel.

### [FutureGen Squad Ponders Next Move](#)

The power and coal companies in charge of building a \$1.8 billion futuristic power plant in eastern Illinois spent Wednesday trying to figure out what to do next.

Developers announced Tuesday that they plan to build the low-pollution plant in Mattoon, about 185 miles south of Chicago. But the group known as the FutureGen Alliance learned hours later the Department of Energy — their partner and primary financier in the project — questions the cost and wants to restructure the project to avoid further expense.

Now, also lacking the final notice from the DOE that Mattoon is an environmentally acceptable site, FutureGen Alliance Chief Executive Mike Mudd said he isn't sure of his next step.

### [Biodiesel partners sue Chevron](#)

Vendors have filed more than \$6 million in liens against the first large-scale biodiesel production facility in North America as the plant's once-lauded relationship with oil giant Chevron sours.

### [Petrobras plans 10 more biodiesel plants](#)

Brazil's state oil company, Petrobras, plans to build 10 new biodiesel plants through 2012 in addition to three it is going to launch next year to meet Brazil's new diesel blending requirements.

### [Stargazing on the wild side](#)

Here are Saxo's Outrageous Predictions for 2008:

#### **1. World oil prices to hit \$175 even if growth slows**

Much of the conventional wisdom on oil has been proven wrong over the past few years, as previously unimaginable new highs in the price of oil have only been a reflection of the strength of global growth, rather than an obstruction in its path. With the weak US dollar and shrinking profit margins for refiners, the end consumer in many places worldwide hasn't noticed a difference between oil prices at \$99 compared to oil prices at \$75. Even if global growth slows in 2008, it will continue to move ahead in the emerging markets of the world where marginal energy demand is growing the most. As "peak oil" becomes an accepted principle and supply and demand do a nervous dance, the price risk in energy remains firmly to the upside.

### [Canada: Holiday spirit's running out of gas](#)

The gas Grinch was giving people the grumps yesterday, and he'll be back today with an increase.

Just days before Christmas -- the most travelled holiday of the year -- a mini fuel shortage is plaguing the city.

### [UK: Motorists urged not to panic buy fuel](#)

Motorists were last night warned not to panic buy fuel before Christmas after it emerged that shortages were forcing sporadic closures on some forecourts.

### [Sri Lanka faces 400MW energy shortfall in 2008](#)

Sri Lanka faces a 400 megawatt (MW) energy shortfall in 2008, and an “energy crisis” looms large, unless immediate steps were taken to address problems in the energy sector, the Asian Development Bank (ADB) has warned.

The country produced 99.7 percent of its energy needs with hydropower in 1986, but its contribution to generation has dropped “dramatically” to 37.7 percent in 2006 as demand outpaced the development of alternative indigenous resources, the ADB said.

### [Ontario in an energy crisis](#)

Ontario needs to replace 80 percent of its current generating capacity over the next 20 years, 24,000 megawatts, said Paul Shervill, Vice President of Conservation and Sector Development, Ontario Power Authority. By 2025 Ontario hopes to get 6,300 megawatts of that badly needed power from conservation efforts, he said.

### [Albania Loan for Power Company](#)

The Albanian government announced on Wednesday that it was giving a €33 million loan to the Albanian Power Corporation, KESH, which is struggling to cope with the high price of electricity imports.

### [No respite from power cuts on Eid](#)

Most parts of the Valley will reel under dark even on Eid- ul-Azha as there won't be any improvement in the power supply—hitting the festive celebrations due to the energy shortage and state government's failure to ask for more from the Northern Grid, top sources told Greater Kashmir.

### [Uganda: Government power subsidy hits 113b](#)



THE Government's subsidy on electricity since 2004 has reached sh113b, creating doubt whether the sector is financially-viable.

### [Pemex deepwater output could reach 174,000 b/d by 2016](#)

BNamericas reports that Mexico's state oil company Pemex could begin deepwater oil production by 2014 in a best-case scenario, the energy ministry (Sener) said in its 2007-16 oil forecast. Sener classifies deepwater as greater than 1,640 feet (500 m). Deepwater production could begin in 2014 with an average output of 19,000 b/d and increase to 174,000 b/d by 2016, according to the forecast.

### [LNG demand to outpace supply by 2 times until '15 on plant delays](#)

Royal Dutch Shell, BG Group and Total are among companies that may gain from liquefied natural gas sales as prices of the cleaner-burning fuel climb because of rising demand, a report said.

Demand will outpace supply by more than two times until 2015 because of delayed construction of processing plants, Bernstein Energy said in a report yesterday.

### [Rising freight rates: trouble for oil firms, cheer for ship owners](#)

The freight bill of India's oil companies such as state-owned Indian Oil Corp. Ltd, Reliance Petroleum Ltd and Essar Oil Ltd has increased significantly because of a sudden rise in rates for shipping crude oil on very large crude carriers, or VLCCs, a result of a shortage of such vessels.

The hike in ocean freight rates spells trouble for oil refiners who are reeling under soaring crude prices. But it will benefit local VLCC owners such as state-run Shipping Corp. of India Ltd and Essar Shipping and Logistics Ltd. Typically, a VLCC can transport 2 million barrels or about 280,000 tonnes of crude oil in a single journey.

### [Petrobras sees oil, gas output up 14 pct in 2008](#)

Brazil's state oil company, Petrobras, expects domestic oil and gas production to rise more than 14 percent next year from the average so far this year as platforms that had



come on stream with delays in 2006 reach capacity and others kick in.

### [Russia, Kazakhstan, Turkmenistan sign Caspian pipeline accord](#)

Russian President Vladimir Putin and Kazakh counterpart Nursultan Nazarbayev oversaw a major new deal on Thursday to build a natural gas pipeline from Turkmenistan to Russia via Kazakhstan.

### [Iraq power going up, says Pentagon report](#)

But this has only translated into an average of 15.1 hours of electricity per day across the country, with many provinces, including Baghdad, receiving less. Salah al-Din province, north of Baghdad, received the most average electricity with about 19.1 hours per day in November, according to the Pentagon report.

The use of private generators for a home or block is still prevalent, adding to the run on fuels that are in high demand but low supply in Iraq, a result of slow development of both the electricity and oil sectors.

### [StatoilHydro, Shell to drop Norway power plant](#)

OSLO, Dec 20 (Reuters) - Energy groups StatoilHydro and Shell said on Thursday they would scrap plans to build an environmentally friendly gas-fired power plant in Norway, but the Oslo government is now seeking alternatives.

The Norwegian unit of Royal Dutch Shell said the 860 megawatt (MW) plant that was planned at Tjeldbergodden in Norway and which had been intended to capture and store polluting gases, turned out to be too expensive.

### [Mexico's biggest clean up to transform refinery site](#)

Mexico's oil monopoly Pemex is taking on the country's biggest ever environmental clean-up on land at a former refinery that will be turned into a huge park to mark the 200th independence anniversary from Spain.

Pemex will throw more than \$50 million to make a toxic and potentially cancer-threatening site into a park in the north of Mexico City. The former oil refinery operated for almost 60 years until it was closed down in 1991 because of pollution.

### [The Beer Crisis: Trouble brewing](#)

The hops shortage is only part of the problem. Things are no better for barley, used to make the malt that yeast turns into alcohol. It too has been ploughed under in favour of corn. Crop failures in Australia and Europe, combined with the weak dollar, have made it harder to replace the shortage with imports. Other price increases, of fuel, glass and metal, add to the pressure. Not such a merry Christmas.

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

While chemical engineers, microbiologists, agronomists, and others struggle to find ways of making cellulosic ethanol commercially competitive, a few synthetic biologists and metabolic engineers are focusing on an entirely different strategy. More than fifteen hundred miles away from the Midwest's corn belt, several California-based, venture-backed startups founded by pioneers in the fledging field of synthetic biology are creating new microorganisms designed to make biofuels other than ethanol.

### [Taiwan: Ethanol gasoline crops to replace biodiesel project](#)

Harvests from two years of trial production of biofuel crops such as sunflowers delivered less than expected as a result of inclement weather and pests.

### [The New Atomic Age](#)

Nuclear power is making a comeback, and TVA hopes to lead the way with its first new reactors in 30 years. But can it really solve our energy problems?

### [FedEx profit falls on higher fuel costs](#)

Package delivery company FedEx Corp. said Thursday its fiscal second-quarter earnings fell 6 percent, as the impact of high fuel costs and a weakening U.S. economy overshadowed international growth.

### [Botswana: Mines pride themselves in low vacancy rate](#)

Other problems bedeviling the diamond mines on the production front, he said were shortage and high cost of tyres, stating that other consumables such as fuel and electricity were emerging as major concerns in terms of prices and potential shortages.

### [IT leaders share green-tech predictions for 2008](#)

Green tech has flourished in the past year as vendors and customers alike have invested plenty of resources in making their products and practices more energy efficient, less wasteful, and eco-friendlier.

But is this sustainable-tech trend a mere green flash in the pan? Hardly. The flourishing world of green technology is driven by true need. Companies are running out of space and power in their datacenters, not to mention struggling with high energy costs. Business leaders, politicians, and consumers alike are becoming increasingly concerned about their impact on the environment.

### [Nature in the Nixon era](#)

As The Times prepares to endorse a presidential candidate for the first time in more than 35 years, the editorial board will examine the candidates' stances on issues through our own sense of the meaning of some essential American values. How much have The Times' values changed since its 1972 endorsement of Richard Nixon? We'll find out by looking through editorials from that year.

### [We may drive a Prius, but we live in a Hummer](#)

The big lumbering gas guzzling V8's of the forties and fifties would be driven home to the energy guzzling, thinly insulated, drafty homes of a new suburbia. The cars would last about 5 five years. The homes however would last an average of 75 years.

### [Running just to stand still](#)

Since its nationalisation in 1938, Mexican oil has been the preserve of Petróleos

Mexicanos, a state monopoly. Pemex resembles a poorly run government ministry. Its past three chief executives have all been accused of corruption (though some of these allegations may stem from bureaucratic infighting). It must comply with onerous procurement rules meant to prevent graft, which in practice are merely a drag on getting things done.

This flawed behemoth is now in “a race against time” to compensate for Cantarell, says Fabio Barbosa, an energy specialist at Mexico's National Autonomous University. It is a race that Pemex seems likely to lose. In a document released in December setting out its strategy for the next five years, the energy ministry forecast that total oil production would decline to 2.5m b/d unless policies were reformed, and would remain roughly constant even if the industry were liberalised.

### [A Viable Rail System Trumps Widening the Freeway](#)

News flash: Widening freeways does not reduce congestion or air pollution. Widening freeways increases congestion and air pollution. The generally accepted definition of insanity is doing the same thing over and over again and expecting different results. How is widening freeways in Southern California not insane by that definition?

### [Louisiana's natural defenses at risk](#)

Louisiana is losing 24 square miles of its coast each year. Since 1930, 2,100 square miles of land have vanished — an area larger than the size of Delaware. Katrina and Rita further mauled the coast, consuming 217 square miles of it in a three-week period, Ford said.

Louisiana's coast is not just important to local residents. Around 24% of America's domestic crude oil and 19% of its natural gas is produced off the coast of Louisiana, according to the state's Department of Natural Resources.

### [Jim Rogers: What Peak Oil Will Do for Cotton](#)

Cotton is a good way to buy oil - hear me out. Much apparel has been made from synthetics. Synthetics come from oil. So many textile makers are converting back to natural fibers because oil is at an all-time high. So if you want to buy oil, buy sugar [because it is easy to turn into ethanol], or buy cotton. What I'm buying right now is agriculture.

### [Fertility rate in USA on upswing](#)

The fertility rate among Americans has climbed to its highest level since 1971, setting the country apart from most industrialized nations that are struggling with low birthrates and aging populations.

...A high fertility rate is important to industrialized nations. When birthrates are low, there are fewer people to fill jobs and support the elderly.

### [Boomers discover that it's easy being green](#)

In a Christmas shopping season in which former vice president Al Gore won a Nobel Prize for his work alerting the world to the dangers of global warming, more consumers say they are trying to "shop green."

### [Tom Whipple - The Peak Oil Crisis: Issues](#)

As 2007 winds down, it is good time to review some of the major issues that those of us following the peak oil story are watching closely.

Depletion vs. Production is, of course, the heart of the peak oil story. Every year production from the world's existing oil fields declines by several million barrels a day. Every year new sources of liquid fuel, new oil fields, more natural gas liquids, ethanol etc., must be found to replace the losses and hopefully to satisfy increasing demand. For the last two years, new supplies have been roughly balancing declines so there has been little growth in world production. Some day soon depletion will get ahead of new sources of oil and other liquid fuels for such an extended period that it will be obvious to all that peak oil has arrived.

### [The Dreaded 'R' Word](#)

What makes the mortgage crisis particularly interesting is its conjuncture with the unfolding energy crisis. It's taken until now for some chickens to begin coming home to roost respecting the soaring cost of crude oil, as we're being told that due to high energy prices on the farm, the cost of a box of Fruit Loops and other cereals will double by mid-year.

Yesterday, following the signing of the comprehensive energy bill, Energy Secretary Sam Bodman conceded in a TV interview, "There is real concern out there about the availability of oil in the world."

### [EPA rejects states' greenhouse-gas limits on cars](#)

The Bush administration Wednesday derailed an attempt by California and 12 other states to enact the nation's first greenhouse gas-limits on new vehicles.

The efforts by states to regulate carbon-dioxide emissions that are considered a prime cause of climate change are not necessary in light of the energy bill just signed into law by President Bush, the administrator of the Environmental Protection Agency said.

### [Oil jumps as U.S. stockpiles fall near 3-year low](#)

Oil prices rallied on Wednesday as a slump in U.S. crude oil stockpiles to their lowest level in nearly three years rekindled worries of a winter supply crunch.

### [Stranded oil tanker blocks Suez traffic](#)

Traffic in Egypt's Suez Canal was disrupted today after an oil tanker broke down in the waterway, a canal authority official told Agence France-Presse.

The 150,000-tonne tanker, flying the Maltese flag and travelling from the Red Sea to the Mediterranean, rammed the east bank of the canal after its navigation system broke down, the official said.

### [Too early to hike gas taxes - Russia Econ Min](#)

Russia should not raise the mineral extraction tax on natural gas, Economy Minister Elvira Nabiullina said on Thursday, in comments that point to Gazprom continuing to pay lower taxes than oil firms.

### [Siberian refinery makes Euro quality gasoline](#)

Russian oil company Rosneft has begun producing European-standard gasoline at one of its remotest Siberian refineries after the latest in a wave of refinery upgrades across the former Soviet Union.

### [Nigerian gunmen attack oil, government facilities](#)

Nigerian gunmen attacked an oil industry barge, a jetty and a government building on Wednesday, briefly capturing 18 Filipino crew and fighting with troops, officials said on Thursday.

Violence has been on the increase for the past month in the Niger Delta, where about 2.1 million barrels of crude are pumped every day. Armed rebels say they are losing patience with peace talks launched in June by Nigeria's new government.

### [Sustainable holidays](#)

With the advent of global climate change and peak oil, rampant consumerism takes on a more threatening aspect. Buying lots of stuff means more and more goods being manufactured and transported around the world, using more and more fuel and producing more and more greenhouse gases.

So the gifts we give to loved ones not only incur costs to our pocketbooks, but also many hidden costs to our planetary life support system, as well as to under-paid and over-worked people in Third World countries.

### [South Korean oil spill worse than estimated](#)

Nearly 80,000 barrels of oil were spilled from a punctured supertanker off South Korea's western coast earlier this month — about 20 percent more than previous estimates, an official said Thursday.

...That places the spill at nearly a third the size of the 1989 Exxon Valdez disaster that sent 260,000 barrels of oil into Alaska's Prince William Sound.

The spill — some 2 1/2 times bigger than South Korea's worst previous spill in 1995 — has severely jeopardized the ecosystem and spoiled hundreds of seafood farms in the area, which is also a prime tourism attraction.

### [Maine college becomes carbon neutral](#)

Tiny College of the Atlantic, with 300 students and only one major, human ecology, has



become the nation's first "carbon-neutral" campus, school officials said Wednesday.

The private college said it has offset emissions of 2,488 tons over the past 15 months by investing in a greenhouse gas reduction project in Oregon. The cost: about \$25,000.

### [China: US must be positive on climate](#)

The United States should take a more positive role in tackling climate change while developing nations improve their own domestic energy efficiency, China's chief climate change negotiator said Thursday.

### [Top climate scientist named "newsmaker of 2007" by Nature journal](#)

The British weekly journal Nature on Wednesday named Rajendra Pachauri, head of the Nobel-winning Intergovernmental Panel on Climate Change (IPCC), as "Newsmaker of the Year," an award reflecting an individual's contribution to public debate on science.



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