



DrumBeat: December 21, 2007

Posted by [Leanan](#) on December 21, 2007 - 10:00am

Topic: [Miscellaneous](#)

[Forecasters Converging On 100 Million B/D](#)

While predictions by Total Chief Executive Christophe de Margerie and others that world oil production is facing a limit of 100 million barrels per day or less have received a lot of attention lately, new long-term energy forecasts from major oil companies and government organizations seem to be quietly converging with that stark assessment. While the latest mainstream energy forecasts don't predict a peak or plateau, they do see little more than 100 million b/d of conventional oil output by 2030 -- the end of the forecast period.

[2 Million Acres Proposed for Oil Shale](#)

Federal land managers have proposed setting aside nearly 2 million acres of public land in Colorado, Utah and Wyoming for potential commercial oil shale development.

The draft plan released Thursday by the Bureau of Land Management is meant to provide a framework for developing the region's large reserves of oil shale and tar sands. Except for experimental projects, there is no current program for commercial oil shale development on federal land.

[Sakhalin Energy postpones LNG exports to Asia](#)

Sakhalin Energy, one of the world's top liquefied natural gas (LNG) projects, will delay first exports to Asia by six months to spring 2009 due to problems with pipelines, the governor of Sakhalin said.

The comment confirms a report that the project leader, Russia's Gazprom, and its partner Royal Dutch Shell will effectively delay supplies due to project holdups.

"There will be no LNG supplies next year. They are delayed to spring 2009. Other plants will help meet the customers needs," governor Alexander Khoroshavin said.

[Hydrocarbons And Funny Money](#)

Economic trends can always be seen either in terms of materials or in terms of money. One can say that the future will be one of diminishing fossil fuels, and hence diminishing gasoline, plastic, paint, asphalt, fertilizer, and electricity. Or one can say that it will be a period of stagflation: rising prices and falling wages — since rising oil prices "drag up" all other prices. Eventually faith in the dollar will collapse, and money will be replaced by barter. (No, I don't mean "the barter system"; barter is the opposite of "system.") From "economic hardship" of a financial kind we will pass to "economic hardship" of a physical kind: hard manual labor and a scarcity of material goods. Then, of course, economic trends will be describable only in terms of materials, not money.

[Chavez Announces The Beginning Of "a New Geopolitics Of Oil" At The Petrocaribe Summit](#)

The hawkish Venezuelan leader called on his Caribbean and Latin American counterparts to come together against the "failed dictatorship of world capitalism." He said he wants to use Venezuela's oil reserves to help create a confederation of republics free of U.S. interests.

[Sky-high fuel costs hit American Airlines](#)

Steadily rising fuel prices and special charges will raise AMR Corp.'s unit costs for fourth quarter, the airline said in a regulatory filing Friday.

[It's unfair to blame Asia for high oil prices](#)

But amid all the noise about high prices from the West, Asia chugs along. While a lot has been said about how prices will affect growth, Asia has so far been successful in absorbing the high prices because of rapid economic growth. And, it needs oil, irrespective of price, to sustain this growth. Conversely, European and American economies are not growing at the same rate, which makes them scream for lower prices.

[High Price of Oil is Chinese Petroleum Industry's Biggest Woe](#)

The high price of oil is the Chinese petroleum and chemical industry's biggest problem, in addition to over investment and a low number of purchases, the China Petroleum and Chemical Industry Association (CPCIA) said in a report released on Tuesday in Beijing.

[Sakhalin sees Exxon oil output falling in 2008](#)

An Exxon Mobil-led group developing Russia's Sakhalin-1 oil block is likely to reduce production to around 200,000 bpd next year from the peak of 250,000 bpd in 2007, the governor of Sakhalin said on Friday.

[Russian gas deal dashes EU hopes](#)

Russia, Turkmenistan and Kazakhstan have signed a landmark deal to build a gas pipeline.

The pipeline will strengthen Moscow's control over Central Asian energy export routes, analysts said.

It also deals a blow to European Union hopes of securing alternative routes that would bypass Russia.

[Vitol ends Iran contract](#)

Iran's largest supplier of gasoline, independent oil trader Vitol, has decided to end its long-running contract to provide the country with the fuel from next year, an industry source said.

The source said Swiss-based Vitol has made the decision because it had made a loss of an estimated \$70 million for the calendar year 2007 from its existing contract. The source did not mention any political considerations.

[BP, Chronic Offender, Should Lose Its Sweet Deal](#)

BP Plc could publish an insider's guide to courthouses across America, so often does the company and its subsidiaries find themselves in them.

They get prosecuted. They get sued. They get rapped by regulators. If it's not BP oil spilling in Alaska, it's a BP refinery exploding in Texas and claiming 15 lives.

[The Philippines: Oil firms urged to speed up ethanol blend to cut fuel prices](#)

Major biofuels player Seaoil Philippines Inc. on Friday urged other oil firms to speed up blend of ethanol in gasoline and increase the percentage blend to further reduce fuel prices.

[As West's industry moves East, China now the world's smokestack](#)

In its rush to recreate the industrial revolution that made the West rich, China has absorbed most of the major industries that once made the West dirty. Spurred by strong state support, Chinese companies have become the dominant makers of steel,

coke, aluminum, cement, chemicals, leather, paper and other goods that faced high costs, including tougher environmental rules, in other parts of the world. China has become the world's factory, but also its smokestack.

[China: Perfect storm of problems leaves many short of water nationwide](#)

Zhang said in the 1950s, China annually lost 4.35 billion kilograms of grain to drought, or 2.5 percent of the annual total yield. But during the 1990s, agricultural losses increased sharply, to an annual figure of 20.9 billion kg, or 4.4 percent of the total yield. Since 2000, the situation has worsened further, with annual losses of about 37 billion kg, or more than 7 percent of the total.

This year, 39.93 million hectares of crops were affected by drought, with 349,267 ha yielding no grain at all, and 37.36 billion kg of grain were lost, according to Zhang.

[Chavez oil diplomacy gains ground in Caribbean](#)

Venezuelan President Hugo Chavez will assert his regional leadership at a summit in Cuba on Friday for Petrocaribe, his initiative to sell oil to Caribbean nations with soft financing.

With oil prices above \$90 a barrel, Petrocaribe is offering terms that few can refuse, even the best allies of the United States: deferred payment of 40 percent of their oil bill for up to 25 years, at 1 percent interest.

[Nigeria: Ateke Tom Dares FG, Claims Attack On NNPC Jetty](#)

THE Tom Ateke-led Niger Delta Vigilante claimed responsibility, yesterday, for Wednesday's attack on the NNPC jetty at Okirama -village in Okrika, Rivers State, and threatened more.

The Joint Task Force (JTF) vowed to get him at all costs but preferably alive "so that he can face justice."

[India: The Poverty Of The Rich](#)

The prognosis for North America is bad but not as dire. In fact, the IPCC predicts increased "aggregate yields of rain-fed agriculture by 5-20 percent." This is ironical. North America, the largest contributor to global warming, is less severely affected than poorer nations in South Asia whose emissions are less than a tenth of the United States. There is a perverse consistency in this irony, though. Even within poorer nations, it is the poorest of the poor that will pay heavily for the excesses of the well-to-do.

[Cuba's Blackouts, an Dark Episode of the Past](#)

It was May 2004 when Cuba's national power grid took a tremendous hit: a breakdown occurred during regular maintenance at the Antonio Guiteras Power Plant in Matanzas.

Millions in investments in the production and distribution of electric power, as well as the delivery of more than 22 million new energy-saving appliances have signaled the "Energy Revolution" carried out in Cuba over the last few years

[Canada: Another jump at the pump has drivers fuming](#)

'Tis the season for a cash grab.

Gas prices have gone up today -- a day after some gas stations run dry.

And drivers feel the pumps are being used to suck back lost revenue.

[The dangers of living in a zero-sum world economy](#)

We live in a positive-sum world economy and have done so for about two centuries. This, I believe, is why democracy has become a political norm, empires have largely vanished, legal slavery and serfdom have disappeared and measures of well-being have risen almost everywhere. What then do I mean by a positive-sum economy? It is one in which everybody can become better off. It is one in which real incomes per head are able to rise indefinitely.

How long might such a world last, and what might happen if it ends? The debate on the connected issues of climate change and energy security raises these absolutely central questions. As I argued in a previous column ("Welcome to a world of runaway energy demand", November 14, 2007), fossilised sunlight and ideas have been the twin drivers of the world economy. So nothing less is at stake than the world we inhabit, by which I mean its political and economic, as well as physical, nature.

(If the FT link doesn't work, read it [here](#))

[KSA set to have sustainable capacity of 12mbpd by '09](#)

By the end of 2009, Saudi Arabia will have a sustainable oil capacity of 12 million barrels per day, compared to 10 million barrels per day in 2004.

"These days the oil industry is overwhelmed, to say the least, with issues such as prices, cost, peak oil, safety, environment, and security of supply and demand," Abd Allah S. Al

Saif, Saudi Aramco's senior vice-president, said in his keynote address to the first drilling symposium organised by the state-owned oil company in Al Khobar, Eastern Province, recently.

[Gazprom Neft Q3 net falls 7.4% as it reduces oil exports](#)

Gazprom Neft said third-quarter net profit slipped to 957 mln usd, down 7.4 pct from 1.034 bln, as it reduced crude exports, and expanded domestic oil refining and petroleum product sales.

[South Korean president-elect eyes energy deal with Russia](#)

President-elect Lee Myung-bak expressed strong interest Friday in jointly developing energy resources in Russia's resource-rich Siberia with the help of North Korean labor.

Lee told Russian Ambassador Gleb Ivashentsov that he would make a massive development project there a priority after taking office in February.

[Refinery firm seeks state permit](#)

A Texas firm that hopes to build a huge oil refinery in Union County has filed for a state air permit.

A project engineer for Hyperion Resources says the permit is 1 of several that must be acquired before construction of the refinery can begin.

[Petrobank Plans C\\$225 Million Oil-Sands Project in Alberta](#)

Petrobank Energy and Resources Ltd., the best performing energy stock this year in Canada, plans to spend C\$225 million (\$225.05 million) to develop an oil-sands project in northern Alberta.

[India: Govt to hike fuel prices next year](#)

The Union Government is expected to raise petrol and diesel prices moderately by the middle of January to help state-run oil firms reduce the loss they are incurring on selling fuel below cost.

"Be prepared for a modest or moderate hike in the prices of petrol and diesel, after a meeting of the Group of Ministers in the first week of January," Petroleum Secretary M

S Srinivasan told reporters here.

[Gas Crisis in South East Bangladesh](#)

Energy & Power magazine has published a write up of Mr. Muinul Ahsan, our long time senior colleague and one of gas professional of glorious track record on the prevailing gas crisis of Bakhra bd Franchise Area (South East Bangladesh). It is already alarming and getting worse day by day with no immediate prospect of improvement.

[Argentina To Unveil Strict New Power Saving Plan Friday](#)

The Argentine government will on Friday announce sweeping new measures to reduce power consumption to head off a possible crisis in the coming summer months, an industry official said Thursday.

The key elements involve strict limits on power usage in state-owned buildings and public spaces and a nationwide incentive plan to exchange low-usage light bulbs for regular ones.

[Bush says nuclear energy 'best' for greenhouse gases](#)

US President George W. Bush said Thursday that nuclear power represents the "best solution" to reducing greenhouse gas emissions, and stressed he was serious about fighting climate change.

[Higher fares don't deter holiday fliers](#)

The price of flying home for Christmas has jumped nearly 14% in the last two years, but higher fares haven't put a dent in robust holiday demand for air travel.

[Time to call it a wrap for wrapping paper?](#)

Some dream of a 'green Christmas' without the gift wrap, while others can't give up the element of surprise it brings.

[An energetic law](#)

The energy bill Bush signed Wednesday with great bipartisan fanfare does things that should have been done many times in the 32 years since the last time the law imposed

tougher fuel economy standards on the auto industry.

At this rate, the other energy crisis facing the world — greenhouse gas emissions and global climate change — might be seriously addressed sometime around the year 2039. About the time that, by the most optimistic predictions, the Arctic ice cap will be gone.

[Global warming, peak oil affect town's land policy](#)

Energy supply is also a local issue. "Peak oil" - the point at which global oil production begins a permanent decline - is a reality and, although experts disagree on the exact timing, it is clear that our well-being in the coming decades depends on how well we prepare now for energy shortages and high energy prices.

[Climate Change and the Economy](#)

But another critically important problem that has arisen is this: Because energy drives the world economy, and because the "March to Market" of alternative energies has been blocked, and because the world is now sitting on a mountain of debt, we have a serious economic problem brewing. How can we possibly stimulate the world economy sufficiently to pay down the debt? The answer, in short, is: "We can't". Let's not use up oxygen debating this issue. The debt will never be repaid. Alternatively, if it is repaid, it will be repaid in worthless dollars. That does not represent a solution and we should not go down that path.

I have been monitoring the "tactics" of the Western politicians since the 1980s. From time to time they use a "feint" tactic to divert the public's attention away from pressing issues. In my view, this whole brouhaha about Global Warming has been to deflect the public's attention away from the brewing economic problems. This behaviour does not result from "conspiracies". It results from paternalism. We all do it with our children. We divert the child's attention away from the scraped knee by offering him a sweet. If he keeps wailing we belt him one.



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