



DrumBeat: December 22, 2007

Posted by [Leanan](#) on December 22, 2007 - 10:28am

Topic: [Miscellaneous](#)

[Russia's Big Energy Secret](#): *Putin wields gas as a weapon. But the reality is that Russia can barely meet its own growing demand.*

The surprising Achilles' heel of Gazprom is that it produces only about 550 billion cubic meters (bcm) of gas—just enough to supply its own domestic market. It relies on cheap imports from Central Asia to meet the majority of its other commitments to customers in Europe, amounting to nearly 80bcm. And since only Gazprom's foreign customers pay full market value, it's the company's exports which make up the bulk of Gazprom's revenues—\$21 billion for the second quarter of 2007 alone. Now those nations on which Gazprom's profits rely—including Turkmenistan, Uzbekistan and Kazakhstan—are beginning to cut their own deals with big new customers like China. The deals are in turn becoming an existential threat to Gazprom, one of Russia's most valuable strategic levers of power.

[Big powers in race for oil](#)

“Emerging markets are scrambling to get more oil because their economies are growing very fast,” said Francisco Blanch, head of commodity research at Merrill Lynch, adding “There’s very little chance of supplying China with an extra half a million barrels per day each year for the next 10 years, without somebody else taking a hit.” Oil demand in China, the world’s second-largest consumer, is set to rise by 5.7% next year to 7.9 million barrels per day, according to the International Energy Agency.

[Persian Gulf oil tanker rates may stem losses on cargo demand](#)

Declines in the cost of shipping Middle East crude to Asia may slow after falling the most in eight months yesterday because of a shortage of vessels.

Hire rates for very large crude carriers fell as owners tried to secure near-record tariffs before year end holidays, said Halvor Ellefsen, a tanker broker at SeaLeague AS in Oslo.

[Mexico Says No to Private Energy](#)

The Mexican Union of Electricians (SME) demanded that President Felipe Calderon's Government lay off a privatizing project of energy or they will bring the nation to a halt.

[Kazakhs win better terms on Kashagan, talks go on](#)

The major oil companies overseeing the massive Kashagan oil project in Kazakhstan have conceded more profits from the field to the country, but the state wants a larger stake, industry sources said on Friday.

The new terms would decrease the value of the field to the Eni-led consortium by billions of dollars.

This is the latest move by resource-rich countries such as Kazakhstan to alter contracts as commodity prices soar.

[Taiwan: Rules revised to promote oil market competition](#)

The Legislative Yuan ratified yesterday the latest change to the rules in the Petroleum Management Law to drastically slash the required safety reserve of oil products held by each individual supplier to 10,000 kiloliters from the current level of 50,000 kl.

The move was aimed at helping to break the dominance of the state-run CPC Corp., Taiwan and oil giant Formosa Petrochemical Corp. in the private sector to promote competition in the fuel market.

[Australia: ACCC probes Christmas fuel price spike](#)

Petrol companies are under investigation for increasing oil prices out of step with international price movements in the lead-up to Christmas.

Motoring body NRMA said oil companies "should be condemned for trying to spoil Christmas for Australia's working families" with prices rising about five cents over the past 24 hours.

[China Needs to Cool Growth, Energy Consumption, Planner Says](#)

China should take measures to cool economic growth and reduce energy consumption, an official with the National Development and Reform Commission said.

"Current economic growth, 11.5 percent or above 11 percent, is too fast and at too high a cost" Han Yongwen, the planning agency's secretary general, said at a conference in Beijing today. The world's fourth largest economy expanded by more than 11 percent

through the first three quarters of 2007.

[Iran has \\$8bn in oil fund](#)

The fund was set up several years ago to save windfall oil earnings at times like now when crude prices have surged to record levels, so that the extra cash could be use in times of need if prices tumbled or to finance investment projects.

[Uranium mines discovered in southern, central Iran](#)

Rich uranium mines have been discovered in Iran's southern and central areas, Atomic Energy Organization of Iran (AEOI) Deputy Director Mohammad Saeedi said here on Monday.

[Boeing to Test Aviation Biofuels](#)

The Boeing Co., one of the world's leading manufacturers of commercial airliners, will begin testing jet fuel derived from algae and other biomass and says biofuels could become a feasible alternative within five years.

[Mexican drivers face slight fuel hike in January](#)

Mexican drivers will pay a tad more to fill up their tanks beginning in January, as the government implements a fiscal overhaul meant to expand the country's meager tax base.

Mexicans will pay an additional 2 centavos, less than a fifth of a U.S. cent, per liter of standard gasoline as of January, with another 2 centavos added each month for 18 months, the government said in the daily gazette on Friday.

[Argentina's President Gives Wife Electric Shock](#)

Inaugural celebrations this month for Argentina's new president Cristina Fernández de Kirchner will be short-lived, thanks to the country's dire need for electricity.

This is the southern hemisphere's summer season, and power generators will be working at peak capacity. The expectation is that demand will exceed supply, with power rationing and even blackouts possible, forcing her to rethink Argentina's energy policy. Unless President Fernández increases power prices and woos new investors for the power sector, the crisis will only get worse.

[John Kerry: Finding energy solutions](#)

All of Massachusetts is feeling the crunch, but small businesses like the Colonial Theatre and shop owners like George Garivaltis, who owns West Street Wine and Spirits, are getting hit twice over: First, they're forced to pay more to keep the lights on. Meanwhile, their customers feel the same crunch and spend less. Without the massive resources or economies of scale that the biggest corporations enjoy, high energy costs often force small firms to cut employees or even close their doors.

[Montana: Don't sacrifice hunting, fishing heritage to energy industry](#)

Exploration in roadless areas within the Beaverhead National Forest is scheduled to begin this coming summer. An exploration company will helicopter crews in, drill holes every 40 to 80 feet and set off explosions in order to find out if their methane speculation is going to pay off. We believe that those lands have greater uses than a pump jack, increased pollution, a drill rig or thumper trucks.

[2007: The year in environment](#)

"February 2, 2007 will be remembered as the date when the question mark was removed from the question, if human activity had anything to do with climate change," declared Achim Steiner, executive director of the UN Environment Programme (UNEP), to a crowded auditorium in Paris, France, on the same date.

Steiner was speaking at the launch of the Intergovernmental Panel on Climate Change's (IPCC) 2007 report, whose main conclusion was: there is at least 90% certainty that the burning of fossil fuels and other human activities are driving climate change.

[Petition seeks protection for seals](#)

Frustrated by a lack of regulations limiting global warming, a conservation group wants ribbon seals listed as threatened or endangered because their habitat — sea ice — is disappearing amid climate change.

[Shell finance chief sees continuing high oil prices](#)

Energy prices will remain high next year, driven by demand from developing countries, but energy companies face massive cost pressures, Royal Dutch Shell chief financial officer Peter Voser was quoted as saying on Saturday.

..."Energy prices will remain high ... Our concern is the development of costs. Financial spending for modernising our production plans is rising rapidly and cost inflation reduces

profits," he said.

Voser said costs rose at Shell by 10 percent this year against an industry average of 20 percent.

[One Nation, One Energy Plan - but It's the Wrong One](#)

Thus, it came as a surprise to me that anyone in the federal power structure -- perhaps with the exception of Rep. Roscoe G. Bartlett (R-Md.), a man who repeatedly has warned us about our refusal to take peak oil theories seriously and who voted against the bill for that and other reasons -- had the temerity to stand up and do something gutsy about the matter.

But that is what EPA Administrator Johnson did. I had expected him to roll over and give up in the face of so much support for what I call the "California Above All" approach to fuel conservation and the reduction of climate-warming greenhouse gas emissions.

But Johnson, much to my surprise and delight, just said "No." Good for him, and here's why...

[Iran increases petrol ration: TV](#)

Iran on Saturday started to allow motorists an extra 20 litres (5.2 gallons) of petrol a month under a rationing scheme aimed at cutting back on frenzied consumption, state television said.

[Cuba inaugurates largest oil refinery plant on the Caribbean](#)

First Vice President of the State Council of Cuba Raul Castro and Venezuelan President Hugo Chavez together with 10 other Heads of State under the PETROCARIBE officially inaugurated on December 21 an oil refinery plant in Cienfuegos, Cuba to ensure energy security for the Latin America and the Caribbean.

[Militant group to observe Christmas Day cease-fire in Nigeria's oil region](#)

A leading insurgent group in Nigeria's southern oil region said on Saturday it will observe a one-day cease-fire on Dec. 25 to mark Christmas.

The Movement for the Emancipation of the Niger Delta, or MEND, said in a statement sent by e-mail it will not attack oil facilities or kidnap foreign oil workers during the cease-fire period.

[Analysis: China's fuel oil reserves](#)

North Korea no longer has the capability to initiate a large-scale invasion of South Korea; in fact it lost this ability in the mid-1990s. This assessment is based on the calculation of the fuel oil the mechanized battle groups of the North Korean People's Army would need to launch an invasion and the actual oil inventory of the country.

Using similar calculations, one can analyze how long Taiwan's forces could survive an attack from China, and how long China's PLA forces could sustain an assault on Taiwan. On the Chinese side, it means assessing how much fuel oil would be required for the navy, air force and mechanized amphibious combat units to engage in large-scale cross-strait landing assault operations.

[Ghana leader: Oil reserves at 3B barrels](#)

ACCRA, Ghana - Ghana's president said Saturday that offshore oil reserves discovered in the West African country's waters total 3 billion barrels.

"Ghana has struck oil in commercial quantities," President John Kufuor said, speaking at a ruling party congress in the capital, Accra. "This is only the beginning. The future is very bright indeed."

[Irving donates \\$100,000 in oil to Keep ME Warm](#)

Winter is upon us, fuel prices continue to rise, and many Mainers are finding it difficult to keep heating oil in their tanks, but the state received some help Friday to make the next few months a little easier for some.

Irving Oil donated \$100,000 worth of heating oil Friday morning to the Keep ME Warm fund, a public-private collaboration started three years ago to help Mainers cope with the rising cost of fuel.

[Grumbling Harper fumbling on warming](#)

Such as it is – incremental and full of loopholes – Ottawa's version of mandatory carbon-dioxide emission-reduction targets, finally unveiled Dec. 11, will "shock" Canadians, who aren't prepared for the financial sacrifice involved, Harper told the *Toronto Star*.

The new emissions regime "will start to bite" as soon as next year, Harper said. But the "bite" won't come anywhere near 25 per cent to 45 per cent reductions from 1990 levels by 2020, as called for by most developed countries at the recent climate-change summit in Bali. Harper sells Canadians short in asserting they will complain even about Ottawa's minimalist approach to combatting global warming.

[Global warming causing China's glaciers to melt quickly](#)

Global warming has caused some of China's glaciers -- a source for many of Asia's greatest rivers -- to have melted by more than 18 percent over the past five years, state media reported Friday.

A survey of nearly 20,000 square kilometres (8,000 square miles) of China's glaciers showed they were on average 7.4 percent smaller than five years ago, Caijing magazine said, citing a government-funded survey.

A glacier along the upper reaches of the Brahmaputra River on the Tibetan plateau had shrunk by more than 18 percent, the survey found.

Two other glacial areas in China's far northwest Xinjiang region had also melted by more than 18 percent.



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