



DrumBeat: December 27, 2007

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[\\$30 billion - Price in '07 for natural disasters](#)

Losses to insurers from natural disasters nearly doubled this year to just below \$30 billion globally after an unusually quiet 2006, a leading reinsurer said Thursday.

Munich Re warned that climate change could mean a growing number of weather-related catastrophes in coming years.

"The trend in respect of weather extremes shows that climate change is already taking effect and that more such extremes are to be expected in the future," board member Torsten Jeworrek said in a statement. "We should not be misled by the absence of megacatastrophes in 2007."

[Commodities boom](#)

It is odd when emergency measures to unblock financial markets provide a reason to pile into commodities. When oil bulls are not showing touching faith in the Federal Reserve's powers of intervention, they are instead warning of impending "peak oil" production. Peak oil theories, however, tend to negate the impact of technology and pricing on output and consumption. And while the industrialised world's oil inventories have fallen this year, to just under 53 days, demand cover remains higher than in late 2005, when hurricanes really disrupted supply.

[BP to review plans for Alaska after big tax increase](#)

"This massive tax increase will weaken investment in Alaska's oil fields at the very time that more investment is needed," Doug Suttles, the president of BP Exploration Alaska, said in e-mailed comments. "We will now review all our planned activities."

[Interview with New York Times Bestselling Author Steve Alten](#)

GW: My father-in-law says that people predicted Peak Oil decades ago, and were proven wrong. Does the discovery of the massive new oil reserve in Brazil change your

conviction that Peak Oil is upon us?

SA: Unless it is as big as Ghawar ... no. Oil IS running out. If not, do you seriously believe we'd have invaded Iraq?

[Experts Urge Policy-Makers, Industry to Develop New Energy Sources, Technology](#)

At a unique panel discussion bringing together an oil and science policy expert, AAAS Board Chair John Holdren and ExxonMobil executive Lori Ryerkerk broadly urged policy makers and industry to increase research into breakthrough technologies to meet the global demand for affordable and reliable energy while reducing environmental impacts.

Though they came from vastly different perspectives, the speakers agreed that there must be significant investment into new energy-supply technologies and improved energy efficiency in transport, buildings, and industry in order for countries to meet their growing needs for energy services while limiting the impact of energy use on the environment.

[How Does One Invest for Inflation and Deflation?](#)

Regardless of what happens to base metals or treasuries, peak oil just might keep energy prices high. Thus there are additional reasons to be bullish on energy regardless of the inflation/deflation debate.

[Reality is So Difficult](#)

It takes some 40,000 lbs. of minerals/per person in the United States to maintain our standard of living each year, according to the Mineral Information Institute. This would include everything from stone, sand & gravel, zinc, natural gas, etc., etc.

The long and short of it is that it's simply unsustainable. These are finite resources. No, we're not going to be mining asteroids any time soon, nor will the trashing of an ice-free Arctic be our consumption salvation. We've heard of "peak oil" these past several years, but there is also peak "minerals."

[PetroChina unit to get \\$2.2 bln for gas pipeline](#)

PetroChina said on Thursday that the group's oil and gas exploration arm would receive a 16 billion yuan (\$2.2 billion) injection to help it build a natural gas pipeline from Turkmenistan to China.

[Limited oil leakage at Burgan oil field under control -- KOC](#)

Kuwait Oil Company (KOC) said on Thursday it controlled a limited oil leakage that occurred in the gathering center No. 2 in the Burgan oil field east of Kuwait and dealt with it without any losses.

[Gazprom says agrees 2008 gas price with Uzbekistan](#)

Russia's gas export monopoly Gazprom has agreed on 2008 gas import prices with Uzbekistan, the firm said on Thursday, effectively removing the last obstacle for smooth supplies from Central Asia next year.

[Dust to dust? More ask for eco-friendly funerals](#)

Cynthia Beal wants to be an Oregon cherry tree after she dies. She has everything to make it happen — a body, a burial site and a biodegradable coffin.

“It is composting at its best,” said Beal, owner of The Natural Burial Company, which will sell a variety of eco-friendly burial products when it opens in January, including the Ecopod, a kayak-shaped coffin made out of recycled newspapers.

[BP chief economist expects oil companies' profits to decline in 2008 on costs](#)

BP's chief economist Christof Ruehl said he expects oil companies' profits to decline next year from this year as costs balloon, according to Financial Times Deutschland.

Some 90 pct of crude oil and gas resources are currently in the hands of state-owned companies such as Saudi Aramco, it said.

'When oil prices are high, it is relatively easy for state-owned companies to work profitably,' Ruehl told the newspaper in an interview, adding these companies then have no interest in sharing the burden of oil production with the private sector.

[In Russian energy plan, coal is a question mark](#)

So even if Gazprom embarked on a major investment program instead of investing in newspapers, ski resorts and other unrelated expensive energy projects, there would still be a time lag before the natural gas reaches the transmission pipelines. That may explain why, in his quest for more energy resources, Putin is now seriously considering raising coal production. The plan, still under intense discussion, entails using coal increasingly for domestic consumption as well as exports so as to relieve the pressure on the demand for natural gas both inside Russia and outside it.

[World oil prices to remain high in 2008 - analysts](#)

Oil prices of near \$100 per barrel caused alarm in consuming countries in 2007 and analysts see another tense crude market next year with triple-figure records a real prospect.

Despite a murky outlook for the world economy, crude prices are seen settling at elevated levels, spelling more pain for consumers and a steady flow of petrodollars for the world's oil exporters.

[Bahrain edgy after clashes](#)

An uneasy calm returned to the oil-rich Persian Gulf island nation of Bahrain on Wednesday after a week of clashes between Shiite Muslim opposition groups and forces of the Sunni-dominated government.

The street fighting, sparked by the death of an activist, was some of the worst since a 1990s Shiite uprising and led to an undetermined number of injured and the arrest of dozens.

[Cuba: 2007, a good year for oil](#)

For the third time, Cuba's oil production will reach 4 million tons this year, which it has not done since 2003, and which is particularly important now given the fact that the price of crude on the international market is more than \$90 per barrel.

[FAL Oil buys Venezuela cargo in rare Mideast move](#)

"This is the first time we have seen these Venezuelan cargoes going elsewhere besides China, and we're still wondering what the logic would be for them to take such a large cargo into Fujairah," a Singapore-based fuel oil trader said.

Venezuelan grade fuel oil, typically 380-cst grade and with a high metals content, is normally funnelled into China's bunker fuel market, as well as blended with off-specification diesel to make utility grade cargoes.

[Australia: How fuel companies raked in an extra \\$3.5 million](#)

Petrol users were pumped for more money at the bowser this week when the big fuel suppliers abandoned their expected weekly price drops, but for those filling up with

diesel it's the same old story.

[Russia to press ahead with Siberian oil pipe construction](#)

Russia has no plans to drop construction of the East Siberia-Pacific Ocean oil pipeline, a deputy foreign minister said on Thursday.

The ambitious East Siberia-Pacific Ocean (ESPO) oil pipeline is slated to pump up to 1.6 million barrels per day of crude from Siberia to Russia's Far East and then onto China and the Asia-Pacific region. The project's first leg, estimated at \$11 billion, is expected to be commissioned in December 2008.

However, unofficial reports said the commissioning could be delayed for six months.

[UK: Petrol pumps run dry](#)

THREE Carlisle filling stations were closed this morning after running out of fuel.

But one of them – Shell at Hardwicke Circus – was back in business by 11am after receiving a delivery and the others, Esso outlets at London and Currock Roads, were also expected to be operating normally later today.

The News & Star understands that the shortages have been due to increased demand from customers over the Christmas period.

[IRAQ: Saddam Provided More Food Than the U.S.](#)

The Iraqi government announcement that monthly food rations will be cut by half has left many Iraqis asking how they can survive.

The government also wants to reduce the number of people depending on the rationing system by five million by June 2008.

[Michigan: Out of the city ground and into the tank](#)

With the holidays upon us, most people will be filling up their vehicles at the gas pumps before traveling to family gatherings.

Although many would be quick to assume their fuel is coming from the Middle East, some could be coming from much closer to home.

[North Dakota: State refinery isn't realistic](#)

The argument that building a state-run refinery is analogous to the state's ownership of the mill and elevator in Grand Forks is interesting but ultimately weak. Producing and marketing flour is, in terms of complexity and risk, a light year away from refining petroleum and plunging into the volatile fuel marketing business.

[EU's Green Energy Plans Take Shape](#)

New EU legislation aimed at having green energy account for 20 percent of the union's overall energy consumption by 2020 is taking concrete shape, with draft proposals indicating that each EU state should contribute at least 5.75 percent to an overall target. Rich member states will carry a heavier burden, however.

[Facing the Facts about Climate Change: *Either we bury capitalism or capitalism will bury us*](#)

Within Europe, it has become too easy to blame the U.S. and others for failing to address the realities of climate change. In fact, European countries appear to take on a hypocritical and condescending role when it comes to environmental issues. Germany is a prime example. On the one hand, its environmental record is impressive: it is home to the first Green Party to ever govern in a national coalition of a G8 nation and it has also reduced its greenhouse gas emissions significantly in recent years. Germany also heavily sponsors renewable energy production and has invested in the refurbishment of ageing factories.

Yet even for Germany there are limits. For instance, recent measures proposed by the European Commission to reduce the CO₂ output of vehicles have come under criticism by the powerful German automobile lobby. As with the U.S. and other western countries, there are fears that the German economy could fail under stiff targets.

[A clear picture of China's energy problem](#)

In releasing their first position paper on energy, mainland leaders have been brutally honest. They acknowledge the economy will need ever-increasing quantities of oil, gas and coal so that growth can continue and that huge problems lie ahead in trying to reduce pollution and greenhouse gas emissions.

[Emirates' growth could make it world's largest airline](#)

At a time when many airlines around the world are feeling the pinch of high fuel prices and a declining dollar, Emirates expects to top \$1 billion in profits in the fiscal year ending March 31 on revenues of \$8.1 billion. That would represent an 18.5% increase

over the first year's figure of US\$844 million.

This is partly due to the currency peg between the UAE's dirham and the U.S. dollar. Emirates reports in dirhams but a large proportion of its earnings is in euros and pounds sterling, and the dollar's slide "actually makes us look good," Clark noted.

[Virgin Blue ups fuel surcharge by \\$10 a return trip](#)

FLYING with Virgin Blue will cost more in the New Year with the cut-price airline announcing a jump in its fuel surcharge.

[Flat-screen TVs devour electricity, jack up energy bills](#)

Consider that a 42-inch plasma set can consume more electricity than a full-sized refrigerator - even when that TV is used only a few hours a day. Powering a fancy TV and full-on entertainment system - with set-top boxes, game consoles, speakers, DVDs and digital video recorders - can add nearly \$200 to a family's annual energy bill.

[Oil watchdog reworks reserves forecasts](#)

Alongside a plan to build a new set of data for the decline in production rates in the world's top 250 oilfields, the IEA is also ready to reassess its own forecasts for projected oil discoveries, which it based on estimates by the US Geological Survey.

Any downward revisions in oil discoveries or upward revisions to decline rates will in theory increase the probability that global oil reserves will be smaller than expected and that global oil supply will peak much sooner than expected.

[Of GCC state oil companies and geopolitics](#)

GEOPOLITICS has shaped the creation, operations and worldview of Middle East owned oil companies ever since the earliest regional oil strikes in Dammam, Persia's Masjid Suleiman and Kirkuk in the 1930s. Saudi Aramco, Kuwait Petroleum, National Iran Oil Company (NIOC), Algeria's Sonatrach and Abu Dhabi's ADNOC own 600 billion barrels of crude oil, half the world's proven reserves.

Qatargas operates the world's largest LNG export terminal and owns the world's third largest offshore oil reserves after Russia and Iran. Middle East oil colossi will determine both the future of the oil and gas markets but also profoundly shape the region's international relations.

[The Meek Need Mineral Rights](#)

Many economists have written about the critical role that private-property rights play in building wealth in developing countries. But few have bothered to underscore the importance of private ownership of mineral rights.

With oil prices now hovering near \$100 per barrel, it's long past time for economists to recognize that state control of mineral rights breeds corruption, enriches the kleptocratic regimes that rule most petrostates, and prevents enormous quantities of oil and natural gas from ever reaching the market.

[Asia Fuel Oil - Up; but in deep discount on low demand](#)

Asian fuel oil prices rose on Thursday, prompted by aggressive buying seen in futures trade, but the physical cash markets continued to reflect the overall lacklustre demand.

[The energy crisis](#)

THE WORLD is in an energy crisis. Over the past two years that crisis has spilled over into a global food crisis.

[Indonesia - Alternative energy: Now or never!](#)

the world is racing to develop alternative energy, whether derived from hydrocarbon resources or renewable resources, in the hope of overcoming the energy crisis and environmental challenges, and also to help ease demand for oil and eventually lower the price of oil.

And Indonesia does not want to be left behind in this global movement.

[Pakistan authorities to enforce 4-hr power cut countrywide](#)

Pakistani authorities have decided to enforce a daily four-hour power cut across the country with the peak hour shortage of electricity rising to over 2,000 MW, which is 20 per cent of the total demand of 10,000 MW.

The Pakistan Electric Power Company has blamed the shortage, unprecedented for winter, on the low release of water from dams and suspension of gas supplies to power units. Officials said they feared the situation would persist over the next few weeks and might deteriorate further.

[Will Fuel Hit £2 In 2008?](#)

Paying £1 for a litre - unthinkable not so long ago - is now the reality.

So what does 2008 hold? Could we see prices continue to accelerate up to £2 a litre?

[Nepal increases gasoline price by 10 percent](#)

Nepal's government raised the price of gasoline by 10 percent on Thursday just two months after it increased kerosene, cooking oil and diesel fuel prices.

[Russia: Prices to Be Beyond Control Next Year](#)

The prices will climb more than 10 percent in 2008, analysts of Interfax.ru forecast, explaining that the time-delay bomb has been put this year and the surge in fuel prices and freezing prices for certain food products are the explosives. Wholesalers changed the price tags in November, signaling the price increase will reach stores early in the year.

[Digital Trends: Predictions for 2008](#)

Green technology will gather in significance: Crude oil topped \$99 in 2007. A looming energy crisis may prove to be the defining event of the next few generations (of people, not just products). If the top brands like Sony and Panasonic want to continue the growth in big-screen television, they'll have to make sets far more energy-efficient. I continue to believe in the future of chip-based amplifiers, and in 2007, I actually bought the Sonic Impact Super T for my kitchen system. Someday it may be the only amp I use. 2008-09 will signal the high water mark of mega trade shows like CES and CEDIA — in the future, the cost of shipping all those people and products around the country may become prohibitive. Gizmo manufacturing, like food production, may have to become less global and more local.

[The Peak Oil Crisis: Storm of the Century](#)

Commentary on what is about to befall us is becoming scarier with each passing day. Learned professors are writing in the New York Times that our financial system is in danger of coming unglued. The general thesis is that America's financial institutions are only capitalized at \$1.1 trillion yet they are supporting \$11 trillion worth of mortgages. Home prices are going to have to fall by 30-50 percent before most people can afford to buy homes again. When this drop in housing value is over, some 20 million homes will be mortgaged for far more than they are worth and a fair portion is likely to be abandoned. Some think the banking system is in for some very hard times. Others have dubbed the

burgeoning financial crisis “peak money.”

But there is more: global warming seems to be causing unprecedented droughts and glacial melting which in turn are leading to lower food production and empty reservoirs and a substantial drop in hydro-electric production around the world.

Welcome to “peak climate,” “peak food,” “peak water,” “peak electricity,” or as some people are putting it, “peak everything.”

[Pakistan's Bhutto assassinated](#)

Pakistan opposition leader Benazir Bhutto was assassinated Thursday in a suicide bombing that also killed at least 20 others at a campaign rally, a party aide and a military official said.

"At 6:16 p.m. she expired," said Wasif Ali Khan, a member of Bhutto's party who was at Rawalpindi General Hospital where she was taken after the attack.

[Gazprom Takes On Exxon](#)

If the foreign operators of Russia's Sakhalin-1 natural gas field weren't concerned enough after BP was ousted from a major venture over the summer, then Thursday's comments by a senior Gazprom executive should certainly have them reaching for the vodka.

Gazprom Deputy Chairman Alexander Ananenko lambasted the operators of Sakhalin-1, arguing that a handover of control to them had led to an "infringement of Russia's national interests," and had turned Russian consumers into "poor relations who see their gas siphoned off."

[Food, Forests and Fuel](#)

A casino economy has allowed corporations and their owners to multiply their wealth without limit, and without any relationship to the real world. Yet this hungry money then seeks to own the real resources of people – the land and the forests, the farms and the food, and turn them into cash. Unless we return to the real world, we will not find the solutions that will help mitigate climate change.

[Nippon Oil sells emergency oil reserves option to NZ](#)

Japan's top oil refiner Nippon Oil Corp has become the first Japanese company to sign a contract with New Zealand, which would give the country the option to purchase

petroleum in the event of an emergency, the company said on Thursday.

[Nigeria: Country Produced 65 Million Barrel of Crude Oil in Oct](#)

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 2.12 million barrels per day (mbd) or 65.72 million barrels in October, compared with 2.10 mbd in September.

This was contained in the Central Bank of Nigeria economic report for the month of October.

[Thailand wants to buy gas from Indonesia](#)

Thailand wanted to buy gas from oil-and-gas field Natuna in Indonesia, Indonesian Minister of Mines and Energy Purnomo Yusgiantoro said Thursday.

[China promises fair play in its energy policy](#)

China pledged Wednesday that its worldwide search for oil and gas to power a booming economy will be carried out in a spirit of fair play and international cooperation so as not to disrupt sensitive international markets.

The promise came in a government white paper, one of a series Beijing has issued in recent years to present its case to the world.

[Plans for at least 8 clean coal plants hit snags](#)

At least eight clean coal plants, more than a third of those on the drawing board, have been canceled, delayed or rejected by regulators this year. Developers cite soaring construction costs, technology hurdles and uncertainty about regulation of greenhouse gases.

[Tech could reduce coal facilities' emissions](#)

Unlike conventional coal-fired power plants, often called "pulverized" coal plants because they crush coal to a powder before burning it to make electricity, the Edwardsport plant would turn coal into a gas before burning it. "Gasification" makes removing pollutants easier.



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