



DrumBeat: January 7, 2008

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Topic: [Miscellaneous](#)

[The Oil Drum: \\$100 a Barrel Quickens the Beat](#)

After the price of oil hit \$100, I checked in with The Oil Drum, a Web-based community founded a couple of years ago to discuss energy and the future. The folks who gather at the Oil Drum, by and large, agree that we're at or near "peak oil"—the moment when petroleum production will begin its inexorable decline.

This is not a site where people spout opinions on a world running out of oil. This is where geologists, physicists, and even social scientists post detailed charts and graphs and analyses on a world running out of oil. Here, you can read a technical paper on the state of depletion of Saudi Arabia's Ghawar, the world's largest oil field, or read periodic statistical updates on the status of worldwide production and how that has squared with the predictions.

[Venezuelan oil output down 378,000 bpd in three years](#)

The Oil Sowing Plan -the Venezuelan state-owned oil giant Pdvsa's business plan up to 2012- made no significant progress in 2007.

Excluding the completion of the first stretch of the Trans-Caribbean Gas Pipeline and the first phase of a plan to overhaul Cuba-based Camilo Cienfuegos refinery, the major long-term goal of the Oil Sowing Plan -namely increasing domestic oil output to 5.83 million bpd- is quite far from fulfillment.

[Oil at \\$100 a barrel? No sweat](#)

A sharp consumer slowdown would be bad news indeed, because the economy is already showing signs of strain. The government reported Friday that only 18,000 jobs were created last month, a mere fraction of the number needed to keep up with population growth. The Institute for Supply Management's factory index dropped below 50 in December, a sign manufacturing work is contracting.

So will \$100-a-barrel oil be the straw that breaks the economy's back? Probably not.

[Gazprom confirms talks with Nigeria on gas projects](#)

Russian gas export monopoly Gazprom confirmed on Monday it is in talks with the Nigerian government to develop the African country's vast natural gas reserves. "They (Nigeria and Gazprom) have had or are having discussions about opportunities for Gazprom's participation in Africa's gas market," a Gazprom spokeswoman said, declining to name an investment figure. "In terms of sub-Saharan Africa, Nigeria is the key place," she added.

[Nigeria: National Assembly Seeks Review of MoU With Oil Companies](#)

The National Assembly, the Federal government and oil companies operating in the country may be heading for a collision course following moves by the National Assembly to dump the Memorandum of Understanding (MoU) signed between the oil companies in Nigeria and the Federal Government on the August 4, 1986 when oil sold for \$9 in the international market.

[Bolivia dispels fears of oil contracts' revision](#)

The Bolivian government has dispelled apprehension that the new constitution pushed by President Evo Morales will require a revision of the new petroleum contracts signed with 12 foreign oil firms, Spain's EFE news agency reported.

'The new constitution does not generate uncertainty' in the sector, said Hydrocarbons Minister Carlos Villegas Sunday in an interview with state-run media outlet Patria Nueva, adding that the oil contracts are not going to be revised if the new charter comes into force.

[Uganda: Where Did Oil Uganda's Reserves Go?](#)

IT took only a couple of days to paralyse Uganda. Within 48 hours, the violence in Kenya had led to severe fuel shortages all over the country, pushing up oil prices, doubling bus fares, raising food prices and seriously affecting business and public life.

Dealers were greatly taking advantage of the crisis to hoard and ask exorbitant prices, up to four-fold in the case of petrol.

Contrary to other countries, which have oil reserves that can last months or even years, Uganda's reserves seem to be minimal, if existent at all. The country needs 1.2m litres of diesel per day, almost half of which is used for power generation, and 543,000 litres of petrol.

[ASEAN, China, India race for energy reserve](#)

The IEA's ability to respond to a short-term dislocation in the oil market was tested in September 2005 when Hurricane Katrina severely damaged oil production and refining infrastructure in the Gulf of Mexico, a major energy source for the U.S. When the extent of the damage became clear, the IEA reached unanimous agreement within 24 hours to make 60 million barrels of emergency oil and products available to the market. This had the desired calming effect.

Could Asia deploy a similar response mechanism? Not yet, despite efforts of Japan and other IEA members to encourage it. In Southeast Asia, Singapore and a number of other economies are heavily reliant on oil from the Middle East. Even the region's main oil producers -- Indonesia, Malaysia and Vietnam -- are planning for a future as net oil importers as their oil output declines and domestic demand rises.

[Of black swans and greedy oilmen](#)

It is not often that a school of thought comes along at exactly the right time that markets, economists and policymakers are worried about a specific event or crisis. When a book setting out these new views does come along, it is usually ignored, then quietly buried, and then only is quoted by increasingly esoteric sources until the work is driven to the point of irrelevance.

Such a fate is quite likely for two outstanding books released in 2007 - *Black Swan* and *Zoom* - both of which capture some original thinking on the state of the markets and the underlying economic structure that supports market mechanisms. While the authors did not in all probability set out to collaborate per se, they may have just produced classically symbiotic tomes.

[Efficient Biofuel Made From Genetically Modified E. Coli Bacteria](#)

Researchers at the UCLA Henry Samueli School of Engineering and Applied Science have developed a new method for producing next-generation biofuels by genetically modifying *Escherichia coli* bacteria to be an efficient biofuel synthesizer. The method could lead to mass production of these biofuels.

[Talisman's North Sea Ross, Blake Oilfields Remain Closed](#)

Talisman Energy Inc., the Canadian oil company with about 30 percent of its reserves in the North Sea, said production from two fields in the region remained shut after storms over the weekend.

Output equivalent to 25,000 barrels a day at the Ross and Blake fields in the U.K. sector

of the North Sea remain closed, Jonathan Moore, a Talisman spokesman in Aberdeen, Scotland, said in a telephone interview . The fields were shut on Jan. 4 because of strong winds and high waves.

[Polar bears vie with oil for US government focus](#)

The U.S. government will soon decide whether polar bears are in danger because global warming is melting their icy habitat. But last week, the government offered some of that habitat as a place to drill for oil.

Strangely enough, both those decisions are the province of the Interior Department.

[The full Alberta effect](#)

And how to offset Alberta's boom-bust cycle that invariably triggers a similar, opposing, cycle in Ontario's manufacturing industry? Fixed exchange rates with the U.S. may be the only solution: "The underlying issue here is that the overall size of the Canadian economy is far too small to accommodate both one of the world's premier energy export clusters and a world-class export-oriented manufacturing sector -- under flexible exchange rates."

[Rising energy prices fuel inflation fears](#)

With the price of crude oil hitting \$100 per barrel, European citizens must prepare for large increases in gas and electricity bills in the coming weeks, with major companies in the UK and France already announcing plans to raise prices by as much as 27%.

[Siberia's Tomsk enjoys oil boom](#)

About 1,900 miles east of Moscow and sitting on a frozen swamp the size of France, the city of Tomsk has struggled economically since the Trans-Siberian Railway passed it by at the end of the 19th Century.

Now it is at the forefront of a Siberian economic boom, fuelled by the post-Soviet privatization of oil companies and, more recently, by high oil prices.

[Royal Dutch Shell CEO says higher oil prices delaying new projects](#)

Royal Dutch Shell chief executive officer Jeroen van der Veer said high oil prices are slowing down new projects because governments are taking longer to negotiate their

slice of revenues.

"It is evident that active government interest is delaying projects," van der Veer said in an interview published in Shell's Dutch in-house magazine this month, adding that "government negotiations for their share of the revenues are lengthier than in the past."

He refuted the idea that higher oil prices would actually accelerate decision-making, saying "in reality the opposite is true".

And ultimately this will impact on the speed at which new projects can be taken into production, van der Veer warned, although he did not specify which Shell projects might be affected.

[New laws leave oil refiners uncertain](#)

Oil refiners may reconsider plans for some refinery expansion projects in 2008 in response to new energy legislation that could reduce gasoline use in coming years, industry groups and refiners say.

While expansion projects already under way won't be affected, those in the early planning stages could be delayed or canceled, they said — continuing a pullback that began last year amid rising costs for refinery additions and uncertainty over future gasoline demand.

[Iran interrupts natural gas supplies to Turkey](#)

Iran has suspended supplies of natural gas to Turkey due to a cold weather front which brought a sharp fall in temperatures, rain and snow in the region, Turkish television reported on Monday.

Under a contract signed in 1996, Iran must ensure daily supplies of 28 million cubic meters of natural gas to Turkey via a 2,500-km pipeline connecting the two countries.

"Despite its pledge to ensure uninterrupted supply of natural gas during the winter, Iran failed to meet its obligations in the past ten days and fully stopped energy supplies on Monday," the NTV television quoted Turkey's Minister of Energy and Natural Resources Hilmi Guler as saying.

[KSA ups US oil export prices](#)

Saudi Arabia, the world's top oil exporter, raised the February official selling price of its oil to U.S. customers compared with January but cut the price to Europe, state oil firm Saudi Aramco said in a statement.

For shipments to Asian buyers, Aramco cut prices for light crude but raised prices for heavier oil.

The kingdom raised the price of Arab Light crude to refiners in the United States by \$2.70 a barrel to a discount of \$4.15 to WTI. It cut the price to buyers of Arab Light in the Mediterranean by 65 cents, and to buyers in Asia by 20 cents.

[The Philippines: Government preparing to cut oil import tariffs anew](#)

The government is preparing to slash tariffs anew on imported crude oil in the aftermath of the \$100 per barrel oil price surge in the world market.

[Fuel costs, tighter credit put a damper on expectations](#)

AUSTRALIAN companies have lowered their expectations for business conditions at the start of the new year, with fuel prices and the credit squeeze of increasing concern.

[Pakistan: Petroleum sector suffers Rs.1 billion loss following assassination](#)

Caretaker Minister for Petroleum and Natural Resources, Ahsanullah Khan said on Monday the petroleum industry suffered a loss of Rs.1 billion during countrywide protest following assassination of former Prime Minister Benazir Bhutto on December 27 in Rawalpindi. Addressing a press conference, he said as an after math of December 27 incident, condensate from Zanzama and Bhit fields could not be lifted in a timely manner lowering the gas production by 150 mmcf/d gas from these fields.

[Sinopec expects to get state subsidy for losses](#)

Chemical Corp, also known as Sinopec, is expected to receive a state subsidy of about 13 billion yuan (US\$1.79 billion) to compensate for its losses in refining and fuel imports last year, industry sources said.

[Malawi: Fuel prices set to rise as paraffin continues to be scarce](#)

The pump price of petrol and diesel are expected to be hiked in Malawi justifying the recent scarcity of the petroleum as some traders have been holding the commodity in view of the impending hike.

Malawians have been experiencing a shortage of fuel in the recent days and investigations by Nyasa Times has shown that most pump stations have been holding the fuel waiting for the new hiked prices possibly to be affected this week.

[Uganda: Govt to Sue Fuel Stations Over Prices](#)

AS the biting fuel crisis precipitated by the political impasse in Kenya entered its fifth day, a government minister warned on Friday that speculators who have exploited the situation to charge extortionate rates will be dragged to court.

[Uganda: West Nile Electricity Supply Cut to 8hrs](#)

ELECTRICITY supply to the West Nile region has been cut to eight hours a day following the fuel shortage that has hit the country due to the post-election violence in neighbouring Kenya.

[Nigeria: Nigeria Accounts for 36 Percent of Global Gas Flaring](#)

NIGERIA now accounts for 36 per cent of global gas flaring making it one of the single largest contributors to global warming, even as government and industry stakeholders agree to establish an ad-hoc "Flare Reduction Committee" to bring routine flaring to the barest minimum within the shortest possible time frame." In the process of oil production, Nigeria flares or burns about 24 billion cubic meters (or 0.84 trillion cubic feet) of associated natural gas every year. The World Bank's GGFR estimates that globally, 150 billion cubic meters (or 5.3 trillion cubic feet) of associated natural gas are being flared and vented annually.

[Albania in Big Privatization Drive](#)

The Albanian premier also detailed plans to conclude concessionary contracts with private enterprise for the construction of new hydro-electric generating plants.

Over the past two years, Albania has been hit by an acute energy crisis, with regular power cuts throughout the country, including the capital Tirana.

[Diesel popularity revs car sales](#)

Sales of new cars rose 2.5% last year to 2.4 million vehicles, driven by the rising popularity of diesel models, said the industry's main trade body.

Diesel cars, which are more economical, now total 40% of all UK car sales, up from 10% in 2000, said the Society of Motor Manufacturers and Traders (SMMT).

[Consumers may foot nuclear bill](#)

Consumers may face higher electricity bills to cover the future decommissioning costs of a new generation of nuclear power stations to be announced this week, the Guardian has learned.

[UK: PM Brown faces 'carbon cop-out' claims](#)

Environmentalists say the Prime Minister's public stance on green issues lies in tatters this weekend after two pollution-related rows erupted in Kent.

The attack came after the introduction of Government-approved, above-inflation train fare hikes which critics warned would force rail commuters back into cars.

The Government also appeared to give tacit support to plans for a new coal-fired power station at Kingsnorth.

[China seeks fusion power as shortcut to solve energy crisis](#)

China is all set to push forward for the development of fusion power with a project called ITER, that will see it collaborating with countries like India, to seek a shortcut to solve the energy crisis.

"The project aims to find a shortcut to solve our energy shortage," said Luo Delong, deputy director of the ITER China Office.

[Oil \\$200 Options Rise 10-Fold in Bet on Higher Crude](#)

The fastest-growing bet in the oil market these days is that the price of crude will double to \$200 a barrel by the end of the year.

Options to buy oil for \$200 on the New York Mercantile Exchange rose 10-fold in the past two months to 5,533 contracts, a record increase for any similar period. The contracts, the cheapest way to speculate in energy markets, appreciated 36 percent since early December as crude futures reached a record \$100.09 on Jan. 3.

[Major fire spreads at Iraq's biggest oil refinery](#)

BAIJI, Iraq (Reuters) - An explosion at a fuel storage tank caused a huge blaze at Iraq's largest refinery on Monday, injuring at least 36 workers, and the fire was spreading, witnesses said.

A Reuters cameraman at the Baiji refinery complex, some 180 km (110 miles) north of Baghdad, said he had seen at least one dead body and had counted at least 36 others suffering from burns.

"This is the biggest fire I have ever seen at Baiji refinery. We have not had a fire like this before," said an engineer, employed at the plant since 2003, who spoke on condition of anonymity.

[Iran Oil Exports Continue as Heavy Winds Cause Port Closures](#)

Iran's oil exports continued as heavy winds forced the intermittent closure of Kharg Island, Iran's primary oil export terminal, a shipping agent said.

"The two oil platforms have been closed, but exports are not seriously affected," Farhang Mir, operations manager for Kanoo Shipping Agencies, said today by telephone from Tehran. "The platforms have been closing and re-opening for the past two weeks, so tankers have been able to get in and out because the berths are not continuously closed."

[\[ANALYSIS\] Are we running out of oil?](#)

Developments in the oil market in recent years have helped build up a rather pessimistic and widespread perception about the future of oil and the oil industry, which is focused on one common question: Are we running out of oil? The short answer is, "No!" That is the good news.

The bad news is that each additional barrel of high-quality oil to global supply is getting more costly and difficult to find, develop, extract and bring to wherever it is demanded.

If we are not running out of oil, what else should be blamed? Two words: peak oil. The term "peak oil" has begun to enter the common vocabulary thanks to the ongoing, quite heated, debate inside and outside of the oil industry since the turn of the new century. There is no doubt that the debate will continue in the coming years and will probably become part of long-term energy and economic planning.

[Iraq resumes oil delivery to Turkey](#)

The Iraqi shipping industry announced that Iraq has resumed pumping Kirkuk crude oil at a rate of roughly 72 thousand barrels per day via the northern pipeline to Turkey, Iraq Directory reported.

Iraqi crude oil stocks in the Turkish port of Ceyhan on the Mediterranean recently hit six million barrels.

[Europe Pressure Mellows Russia over Transfer Gas](#)

Russia, willing “to punish” Ukraine in favor of the West following the orange revolution, has had to take a step back from its earlier decision to cut supply to the country from intense pressure from the European Union (EU) and the US.

[Severe delays and rising costs hamper Baltic Sea gas pipeline](#)

A landmark Gazprom pipeline project intended to bring vital new supplies of Siberian natural gas into Western Europe and, ultimately, Britain is suffering severe cost inflation and delays.

The first gas was expected to flow through Nord Stream by 2010, but completion and testing of the 746-mile (1,200km) pipeline, which runs the length of the Baltic Sea, has been delayed until 2011 and costs are rising fast.

[Gazprom Nigeria move bodes ill for the west](#)

Russia's moves to tap Nigeria's huge energy reserves will send shivers through western governments already concerned about a shortage of global gas supplies.

[Darling: I want answers over energy price hikes](#)

ALISTAIR Darling has summoned energy regulators into a Whitehall meeting to discuss the cost of power after one of the UK's biggest energy suppliers announced double-digit price increases.

[Shell's outsourcing plans face legal threat](#)

Shell is facing the threat of legal action from trade union Amicus over staff redundancy terms, which could hit the oil giant's plans to outsource up to 3,200 tech jobs.

[Story time with environmental group](#)

ENVIRONMENTAL group Transition Town Lewes is planning a season of story telling on the challenges posed by climate change.

Gilly Smith from the group said: "The aims of the talks are to inspire us to consider the way we live in Lewes as climate change and increasingly high oil prices look set to challenge many of the things we take for granted.

'Meeting in pubs is one of the most popular Transition Town Lewes traditions and what better way to pass the winter evenings than to sit around a roaring fire, tell tales and plan a better world?'

[New York: DOT sets meeting on Southside project](#)

Former Oneonta Town Supervisor Duncan Davie had previously suggested Southside was not the place to encourage pedestrian traffic.

But Hutchison said it's time to plan for a future that may be less reliant on automobiles.

"I'm pretty well convinced peak oil is here," Hutchison said.

Peak oil refers to the point at which global oil production reaches a terminal decline.

"The days of cheap energy are past us," Hutchison said.

[The hidden holocaust - our civilizational crisis, part 3: The end of the world as we know it?](#)

This global system is hugely destructive of human life. Devoid of the capability to recognize and enact ethical values, it is driven purely by the imperatives of profit, efficiency, growth, and monopoly. Consequently, it is not only destructive of human life; it is destructive of all life, nature, and even itself.

It is now generating multiple crises across the world that over the next 20 years threaten to converge in an unprecedented and unimaginable way, unless we take drastic action now.

[Malaysia: Time to rethink life's priorities](#)

Analysts talk of "peak oil" – the moment when world petroleum production hits its peak and then will decline, in some places steeply, from then on.

Some estimate that we have already reached that moment, while others predict it will come within a few years. Oil gets more and more difficult to extract as the best located have already been taken out. The cost of extraction and the price will thus tend to increase sharply.

[The Main Problem: Thinking Too Small](#)

One of the leading scientists today, Dr. Michio Kaku, wrote a book called *Generations*

which argues that our development as a species is measured by how much energy we use. Specifically, Kaku argues that humanity is currently in a very primitive stage, where we are only getting energy from byproducts of the Sun (oil, gas, coal, etc.) Further down the road, Kaku argues, we'll be getting alot more energy directly from the Sun, and then by harnessing tremendous forces such as black holes or quantum fluctuations. In other words, Kaku argues that we are using so little energy the astronomical sense of things that we are barely out of diapers.

[The £1,290 car delights Indians but horrifies the green lobby](#)

After years of secret preparation, the world's cheapest car will be unveiled in Delhi this week - delighting millions of Indians as much as it is horrifying environmentalists.

At 100,000 rupees (£1,290), the People's Car, designed and manufactured by Tata, is being marketed as a safer way of travelling for those who until now have had to transport their families balanced on the back of their motorbikes.



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