



DrumBeat: January 8, 2008

Posted by [Leanan](#) on January 8, 2008 - 9:56am

Topic: [Miscellaneous](#)

[Matthew Simmons: Another Nail in the Coffin of the Case Against Peak Oil \(PDF\)](#)



While the views of the petro-optimists are well-documented, they are poorly supported from an analytical viewpoint – and exceedingly misguided.

By contrast, a litany of “best-in-class” facts are now starting to emerge which argue that not only is Peak Oil a real risk, but that the world might have already passed peak crude output in the spring of 2005.

As I have expressed over the past decade, the world’s data on oil production, oil demand and oil inventories is exceedingly imprecise despite years of effort by groups like the International Energy Agency (IEA) and the U.S. Department of Energy’s (DOE-EIA) to improve data quality. Notwithstanding the significant limitations of reported energy data, meaningful trends can be gleaned when digging deep into the raw numbers.

[Talisman's Ross, Blake Fields Seen Restarting Jan. 13](#)

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 shut by storms last week will probably resume Jan. 13.

Talisman on Jan. 4 halted output of about 25,000 barrels of oil a day from the Ross and Blake fields in the U.K. sector of the North Sea because of strong winds and high waves.

[Governor expresses support for oil pipeline and refinery](#)

Governor Rounds supports construction of an oil pipeline through eastern South Dakota and an oil refinery near Elk Point.

The Republican politician announced his support today during the annual State of the State speech to the opening session of the state Legislature.

Rounds says South Dakota needs more fuel, and so does the rest of the nation.

[Steel Partners nominates three directors to Rowan board](#)

Steel Partners beneficially owns 10.1 million shares, or about 9.1%, of the outstanding shares of the Houston-based provider of contract drilling services.

The nominees are Warren Lichtenstein, Steel Partners chairman and chief executive officer; John Quicke, former president and chief operating officer of Sequa Corp.; and Robert Kanner, a vice chairman of the advisory board of the Association for the Study of Peak Oil & Gas-USA.

[Nova Scotia to get tidal energy centre](#)

Nova Scotia is creating a centre to test tidal power projects in the Bay of Fundy.

Premier Rodney MacDonald announced \$4.7 million in provincial government funding Tuesday, along with a \$3-million interest-free loan from EnCana to set up the centre.

[US EIA raises 2008 OPEC output to 32.58 mln bpd](#)

It will be up to OPEC producers to keep pace with rising oil demand in 2008, with non-OPEC supply projected to come in lower than expected, the U.S. Energy Information Administration said on Tuesday.

In 2008, OPEC-12 producers are expected to pump 32.58 million barrels per day, the EIA said in its monthly oil market report. That's up from the 31.74 mln bpd in the EIA's December 2007 forecast.

"World oil demand will continue to grow faster than oil supply outside of the Organization of the Petroleum Exporting Countries (OPEC) in 2008, leaving OPEC and

inventories to offset the upward pressure on prices," the EIA said.

[Let's try to grow more food locally](#)

The Sustainable Business Initiative Task Force offered an optimistic vision in its report to the Eugene City Council last August.

In two pages describing what Eugene could look like in 2020 if the city fulfilled the promise of its 22 recommendations, the task force draws a pleasant picture of a Eugene that has done all the little things to diminish its carbon footprint, achieve zero waste and make a "crystalline" Willamette River the centerpiece of the city's renaissance.

[Huge energy subsidies fuel China steel export - study](#)

Massive government energy subsidies have fueled China's transformation into the world's largest producer and exporter of steel, according to a new study released on Tuesday.

"In 2007, energy subsidies to Chinese steel are estimated at approximately \$15.7 billion, showing a 3,800 percent increase since 2000," the study prepared for Alliance for American Manufacturing, a U.S. industry group, said.

[ANALYSIS-Gazprom will struggle to gain Nigeria presence](#)

Gazprom will find it hard to become a major player in Nigeria, making it unlikely the Russian gas giant will rival Western oil companies' dominance there, or be able to divert Nigerian gas from European markets.

Analysts warn nonetheless that if, in its quest to forge ahead overseas, Gazprom redirects cash from domestic to foreign investment, gas supplies to Europe may still be at risk.

[Nigerian Forcados oil output rising - source](#)

Oil output at Nigeria's Forcados crude oil stream is now around 100,000 barrels per day and is expected to reach 200,000 bpd by April, an industry source said on Tuesday.

The Forcados fields have a capacity of around 380,000 bpd, but were largely shut down by militant attacks in February 2006.

[Nigeria: A Dozen Paradoxes of the \\$100 Per Barrel of Oil](#)

The surging price of oil, from just over \$10 a barrel a decade ago to \$100 last week alters some orders hitherto considered moral or axiomatic.

It changes the wealth and influence of nations and industries around the world. It has much more implications for producers, as well as importing nations. The following are perceived changes brought about by the unprecedented price regime in the global oil economy.

[GM to unveil hydrogen-electric Cadillac model](#)

General Motors Corp. will unveil a hydrogen fuel-cell-powered Cadillac crossover concept vehicle at the Consumer Electronics Show in Las Vegas on Tuesday.

GM envisions the five-passenger Provoq going 300 miles on a single fill-up of hydrogen, getting 280 miles from hydrogen power and 20 miles from batteries.

[Scientist sees few benefits from biofuels](#)

Rising production of biofuels has distorted government budgets, helped to drive up food prices and led to deforestation in south-east Asia, the chief scientist of Defra said on Friday.

"The way we are currently producing biofuels is not the way to go," former World Bank chief scientist Robert Watson said, citing the U.S. ethanol programme and German support for biodiesel as among the least cost effective.

[Connecticut delegation wants oil reserves opened](#)

With home heating oil prices surpassing \$3.50 a gallon in Bridgeport, Conn., lawmakers are asking the Bush administration for some relief.

In a letter to President Bush, members of Connecticut's congressional delegation asked him to release some of the 2 million barrels of heating oil that the federal government holds in reserve in the Northeast to help drive prices down. They also requested that he pump additional "contingency funds" into the federal Low Income Home Energy Assistance Program.

[R. James Woolsey: Why Is Oil So Pricey? It's a Conspiracy!](#)

As oil prices hit a record \$100 per barrel last week, I came into possession of a transcript of a recent conference call of a heretofore unknown organization called the Pedal to the Metal Coalition, or PedMet, which encourages Americans to stay addicted to oil. The participants seemed to be the head of the shadowy group's K Street office, an official at OPEC headquarters, a representative from each OPEC member state and some hangers-on. Their greatest fear is that the United States will become oil-independent -- and they're concerned that the crunchy types' campaign to feed cows grass rather than corn could mean not only a healthier America but one less dependent on OPEC.

I'm making the transcript available in the public interest.

[Oil At \\$100: World Events May Already Be Priced In](#)

Did you notice the scuffle between Iranian and American forces in the Strait of Hormuz over the weekend? Oil traders apparently did not. News that--in the past--would have sent crude futures rocketing higher.

Instead, they greeted the news with a collective yawn and sold took crude down 3 percent on the day, 5 percent from the recent all time high. That makes me wonder how much geopolitical risk is really worth.

[Venezuela sees no need for OPEC to hike output](#)

Venezuelan Energy Minister Rafael Ramirez said on Monday there was no need for OPEC to increase oil output and he predicted prices would stay at around \$100 per barrel due to high production costs and world economy worries.

[UAE blames oil price rise on speculations, geo-political unrest](#)

United Arab Emirates Minister of Energy Mohammed Bin Dha'en Al-Hamili blamed Monday the recent price rise of crude oil on "reasons other than supply and demand."

"The hike oil prices which surged to USD 100 per barrel is brought about by speculative elements, investment funds and a number of geopolitical factors," the minister told reporters here.

[Poland wants talks with Russia, Germany on contested pipeline](#)

Poland wants talks with Germany and Russia about a controversial Baltic Sea gas pipeline project steered by Russian giant Gazprom, Prime Minister Donald Tusk said in an interview published Monday.

..."We need to demystify the problem. We need to understand why the Russians are holding out for this project under the Baltic, which is three times more expensive than a gas pipeline crossing Poland, and what the conditions would be for changing it," he said.

[Canadian oil production edges up; exports soar](#)

Canadian oil production increased slightly in October compared with the year before and exports rose considerably, Statistics Canada said Tuesday.

The government agency said Canadian firms produced 13.8 million cubic metres of crude oil and equivalent hydrocarbons in October 2007, up 0.6% from October 2006. Exports, meanwhile, were up 5.7%, accounting for 65.3% of total production.

[AP interview: deputy premier warns of strife over fate of Kirkuk](#)

Iraq's Kurdish deputy prime minister warned Monday that failure to resolve the dispute over the oil-rich city of Kirkuk could result in more strife in the war-ravaged country and accused unnamed parties in the government of preventing a solution.

[Kirkuk oil exports unclear, but promising](#)

There are mixed reports on Iraq's resumption of oil exports to Turkey, which were shut down last week because of full storage tanks, not security impediments.

[Marshall Adkins: Global GDP Growth Forecasts Are Unobtainable](#)

While other analysts were cheerily predicting that oil prices would drop last fall in keeping with seasonal patterns, Marshall Adkins of Raymond James & Associates in Houston warned that prices would stay unseasonably high, which is exactly what happened.

Adkins' 2008 prediction is that oil prices will start the year with some modest softening, but that by the second half, prices will start rising sharply to the point where current 2008 global GDP growth forecasts of about 5% will be unobtainable.

[Milton Copulos: Rising Refiner Acquisition Costs Will Add to Gas Price Pain](#)

The price oil refiners have to pay for the crude they refine into gasoline and other products is rapidly rising and will significantly add to consumers' price pain in 2008, according to Milton Copulos, an energy economist who frequently testifies before the

U.S. Congress on energy security issues.

Until recently, refiners were partially protected from the rapid rise in crude prices by long-term contracts. But as more and more of these four-to-five-year-long contracts expire, refiners' acquisition costs are steadily rising – from the \$50s a year ago to around \$75 a today, with the likelihood of climbing into the \$90s in 2008, Copulos told EnergyTechStocks.com.

[Venue for Uganda road relay race changed for fuel crisis](#)

The ongoing fuel crisis in the East African country has forced the Uganda Athletics Federation (UAF) to change the venue of the National Road Relays race from Kibogo to Kampala.

"The transport fares are just unbearable. We have realized many teams may find it difficult making it to Kiboga," UAF official Beatrice Ayikoru was quoted by Daily Monitor on Tuesday as saying.

[Zimbabwe's farmers warn of more food shortages](#)

Agritex said the shortage of inputs, such as fuel, seed, fertiliser and chemicals had resulted in lower planting.

Incessant rains, which have been pounding the country since December, had also delayed planting and caused flooding in some parts of the country.

[Kenya: Government assures consumers on fuel supplies](#)

The Permanent Secretary, Ministry of Energy, Mr Patrick Nyoike said there were adequate stocks to meet the needs of the domestic and regional market.

He said fuel shortage that had affected the country and spread to Uganda due to the post-election violence is being addressed.

[Malawi: Black market fuel takes over supply](#)

UNPRECEDENTED fuel shortage that has hit the country has taken a new twist with the coming in of fuel dealers on the black market who are selling the product above the market price.

[Looking for bad news](#)

Corn-based ethanol increasingly is being used as an automobile fuel. It burns cleaner than gasoline and eases America's dangerous reliance on foreign oil.

You would think that might be good news. But no, say the doomsday theorists.

So much corn was being used for ethanol, that less was left for human and animal consumption. And what was left, cost more.

Thus, less-expensive fuel meant food shortages.

But it didn't happen.

[UK: Family food bills are set to soar](#)

Bad news comes in threes and after soaring energy prices and petrol at record highs, the food on our tables is set to cost more, too.

Freak weather conditions have caused poor harvests around the world - and that spells steep rises in the price of wheat, vegetables and fruit.

The hikes will be felt in nearly every aisle of the supermarket.

[Sugar hits one-year high on funds, biofuel demand](#)

Sugar prices hit a one-year high on Tuesday, supported by heavy buying from investment funds and surging demand from the Brazilian biofuels industry, driven by record \$100-a-barrel oil.

[Clearly expensive: Methanol shortage pumps up washer fluid price](#)

A spokesman for Methanex, the Vancouver-based company that makes much of the world's supply of methanol, declined to comment on the reason for the shortage. However, in October, Methanex reported methanol producers were closing plants throughout the industry.

At the time the natural gas supply needed to create the methanol was limited because of a hefty export tax from Argentina.

[Kurt Cobb: The services we seek](#)

It is now almost de rigueur for any self-respecting peak oil activist engaged in a conversation about energy to announce that the automobile era will soon be over; that cheap air travel and cheap food will soon be a thing of the past; and that life as we know it will generally disappear.

If anybody - most probably someone already in the know - is still listening at that point, the conversation may continue. But just as often those who are out of the peak oil loop will ask to talk about something else, as if the peak oil activist has made some thoughtless remark about one of his listeners lacking an arm. Perhaps a different approach would yield better results.

[Experts Weigh in on Whether Honda is Making a Big Mistake by Brushing Off Plug-in Hybrids](#)

ven as General Motors, Toyota and other carmakers rush to bring to market plug-in electric hybrid vehicles, Honda Motor's president Takeo Fukui has gone on record as saying he sees no value in developing plug-in vehicles (the kind that run on electricity supplied through an ordinary household electrical outlet).

With the world in desperate need of vehicles that reduce the need for gasoline and the foreign oil dependency this perpetuates, is Honda making a critical error that will cost the company its immensely valuable marketing claim to being the world's most fuel-efficient car company (a claim it now shares with Toyota)?

["No One Needs to Worry": Chavez versus American Primacy](#)

Hugo Chávez is an easy figure to dismiss. His rhetoric often turns many people off and makes him appear to be less intelligent and less capable than he is. But his actions speak louder than his words, and his recent actions in the region present a threat to the United States both in security and in status.

The main threat is not direct, but rather indirect. Chávez is spreading his influence, like roots of a tree, in every direction in South America, and often in barely visible ways. While ostensibly these efforts are to promote a greater regional unity, in effect they limit the influence of the United States, supplanting Washington with Caracas. According to Bradley Thayer, a frequent commentator on American primacy, as allies begin to shift their dependencies away from the United States towards Venezuela or elsewhere, the age of American Primacy is coming to an end.

[Argentina Cuts Off Fuel Exports Amid Shortage Reports](#)

The Argentine government cut off fuels exports and called for a pump price rollback Monday amid reports of fuel shortages, government news agency Telam reported, citing unidentified government sources.

The government officials said the export freeze, which follows a sharp increase in export taxes in November, was authorized under a 1974 supply law that requires companies to meet internal demand, Telam reported. The export freeze will remain in effect until supplies at service stations normalize and prices fall back, Telam said.

[Turkey expects Iranian gas flow cut to last long](#)

Turkey expects a cut in its natural gas imports from Iran to last a long time while Russia, another key energy provider, is unable to allocate additional supplies, a senior energy ministry official said on Monday.

[OPEC Sees A Payday](#)

OPEC assured the West over the weekend that \$100-a-barrel oil isn't too high, given global demand. But what it really sees is that with no U.S. drilling ahead, Americans must be perfectly happy with such prices.

[Aramco will increase its capacity](#)

Saudi Arabia's largest oil company, Saudi Aramco, has said it plans to expand the capacity of its Ras Tanura refinery to 950,000 barrels per day by 2012 from 550,000 bpd to serve the Kingdom's demand for oil products in both the Eastern and Central provinces, reported Gulf News. In addition, the company is constructing two state-of-the-art 400,000-barrel-per-day deep-conversion refineries in Yanbu and Jubail, with partners ConocoPhillips and Total, as demand for energy surges in the world's second-largest oil producing country.

[National and international oil companies: a sum not a balance](#)

National oil companies have become highly knowledgeable and capable. They don't depend on IOCs. But they do want to apply the best technologies and capabilities to meet their challenges and maximise the value of their national resources.

[A Green Bulldozer?](#)

South Korea's new president underwent his own personal green revolution when he became mayor of Seoul. In charge of major construction projects at Hyundai for three decades, Lee Myung-bak reversed himself in the new millennium. He made rivers spring from concrete and grass grow where there had once been only cars.

President-elect Lee now has a golden opportunity to accomplish this same trick for South Korea as a whole.

[Rising gas prices force attention from consumers](#)

Things get busy for environmental protection advocates at the Natural Resources Defense Council when energy prices hit a certain level.

The phones were pretty dead, for example, when gas was \$2.95 per gallon, NRDC's Julia Bovey said. But when the pump price nosed over \$3 a gallon, the lines lit up.

Suddenly, everyone was interested in conserving natural resources and saving money on energy use.

[UK: Energy woes before nuclear energy can help](#)

The reasons behind the rise in Britain's domestic power prices are many: declining North Sea reserves, gas prices linked to rising oil prices, a lack of UK storage capacity.

[Nuclear debate rises in primary campaign](#)

Nuclear power is not green, say opponents, and it's costly.

Chichester, now on the board of directors of the Seacoast Anti-Pollution League, believes the 30 new reactors will be stalled by lack of funds. There's little investor confidence on Wall Street, he said, and Congress recently voted down \$50 billion in federally guaranteed loans to go along with the new power plants.

[Ghana Goes Nuclear 2018](#)

GHANA WOULD commission its first nuclear power plant by 2018. Through this event, the possibility of Ghana adopting nuclear power to generate electricity in the country as supplement to the existing source of power generation could be achieved before 2020.

Nuclear energy has been recognized as the least cost option for electricity generation and Ghana is taking steps to explore that prospect.

[Could sea power solve the energy crisis?](#)

It may sound like science fiction, but Ocean Thermal Energy Conversion (OTEC) is an idea whose time has come. It is based on the work of Jacques-Arsène d'Arsonval, a 19th-century French physicist who thought of using the sea as a giant solar-energy

collector.

[Melting Ice = Rising Seas? Easy. How Fast? Hard.](#)

Most forecasting is easier and more reliable in the short run than over the long haul. Think of weather prediction. (And history is full of failed long-term forecasts of everything from oil prices to human population trends.)

But for scientists studying the fate of the vast ice sheets of Greenland and West Antarctica, the situation seems reversed. Their views of sea trends through this century still vary widely, while they agree, almost to a person, that centuries of eroding ice and rising seas are nearly a sure thing in a warming world. The great shifts of sea level and temperature through cycles of ice ages and warm intervals make that clear. I wrote about that consensus last year in covering the reports released by the Intergovernmental Panel on Climate Change, but also wrote about scientists' frustrations over trying to convey the importance of a slow-motion disaster.

[The Antarctic Ice Sheet Is Growing?](#)

Yes, the Antarctic ice sheet is growing in height in the central region, but making just that one point is very misleading and quite dishonest.

There is an enormous amount of research that has been conducted on the poles and there is much more to the story than just the increase in snow in the middle of the continent. Indeed the coast is where the real action is.

[NASA Scientist Explains Threat of Coal](#)

Dr. James E. Hansen has taken on global warming, NASA, and even the White House. The head of the NASA Goddard Institute for Space Studies in New York City has been very vocal about the effects of greenhouse gases since 1988. The Iowa native was one of the first scientists to publicly testify on human-caused climate change. He's returning to Iowa to testify that the proposed Marshalltown, Iowa coal plant will significantly contribute to global warming.

[Wolf at the Door](#)

Matt Simmons, boss man at Houston-based Simmons & Co., which covers energy the way Willie Mays used to cover center field, put out one of his rare personal reports on oil, and it doesn't make for pleasant reading. Matt lays out the case quite persuasively that global production peaked in 2005 at 74,298,000 barrels a day and is now a couple of million below that, while daily consumption has continued to climb and is rapidly approaching 88 million barrels. To fill the gap, he reports, various sources are being

tapped, all of which share one quality -- they're not sustainable.

That suggests to him, among many more horrific things, that we'd better get used to \$100-a-barrel oil, which he reassuringly reflects "is the equivalent of only 15 cents a cup." Somehow, that doesn't make us feel any better, even if it isn't "social chaos and widespread geopolitical conflict or war," possibilities he also alludes to if we don't get off our butts and do something about finding new energy sources, seriously pushing conservation and weaning ourselves from "a chronic addiction" to fossil fuels.

[Nigerian militants prepare big oil attack - sources](#)

Armed groups in Nigeria's oil producing south are building up weapons and supplies for a major attack on an oil facility in the world's eight largest exporter, militant and security sources said on Tuesday.

[Ineos to Shut Unit at Grangemouth Refinery Next Mont](#)

Ineos Group Holdings Plc, a closely held chemicals company, will shut a unit that makes gasoline additives at its refinery in Grangemouth, Scotland, for maintenance next month.

[Indonesian, Russian companies to build giant oil project](#)

Setdco Oil & Gas of Indonesia 's Setdco Group has agreed with Primosky Oil & Gas of Russia to build a giant Vladivostok Oil and Gas Complex in Russia at an estimated cost of 18 billion euros (close to 26.5 billion USD).

[Iran's gas to be exported to Syria by 2009](#)

Iran's Deputy Oil Minister Hossein Noqrekar Shirazi and Managing Director of Syrian Gas company Ali Abbas signed a memorandum of understanding (MoU) on Monday for export of Iran's gas o Syria by the end of 2009, it was announced on Tuesday.

[Australia: Record oil price sparks call for petrol rationing](#)

AS CRUDE oil sits at record high prices and economists remain concerned about its economic impact, one group has proposed the war-time measure of rationing.

The Australian Association for the Study of Peak Oil and Gas (ASPO), a group that lobbies for sustainable transport options, is calling for the return of the petrol allocation system used in Australia during World War II.

[Australia: Griffin vows to end secret population push](#)

"The impacts of unsustainable population growth are already being experienced in Division 9 with poor development decisions at the Hyatt Coolum and Bli Bli, retailers at Coolum Beach facing an uncertain economic future, the Kulangoor Bioreactor proposal, the proposed Bridges industrial development on prime agricultural land and the Powerlink project just over the divisional border."

..."On top of these regional issues are the global issues of climate change, peak oil and food security which we must tackle at the local government level, because they are already having major local impacts."

[Impacting Unimpaired](#)

Demonstrations against the Security and Prosperity Partnership (SPP) began in the Summer of 2007, but several of the issues raised by anti-SPP organizers invoked déjà vu for many observers: informal agreements, secret talks, plans to do away with layers of national sovereignty in favour of corporate rules of engagement set to supersede labour organizing, environmental regulations or human rights. The laundry list of rule changes sounded a lot like debates of years past--the FTA, MAI, APEC, FTAA and NAFTA.

However, a deeper look at the driving force behind the new acronyms tells a different story, one of a world with new dynamics like peak oil, tar sands and the extreme measures that North American governments are attempting to use in the tar sands to keep an oil-dependent economy going.

[Decision on listing polar bear postponed](#)

ANCHORAGE, Alaska - Federal officials said Monday that they will need a few more weeks to decide whether polar bears need protection under the Endangered Species Act because of global warming.

The deadline was Wednesday, but the U.S. Fish and Wildlife Service said it now hopes to provide a recommendation to Interior Secretary Dirk Kempthorne in time for a decision by him within the next month.

The department has never declared a species threatened or endangered because of climate change, said Dale Hall, director of the Fish and Wildlife Service.

"That's why this one has been so taxing and challenging to us," he said.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](http://creativecommons.org/licenses/by-sa/3.0/).