



## DrumBeat: January 9, 2008

Posted by [Leanan](#) on January 9, 2008 - 9:53am

Topic: [Miscellaneous](#)

### [Peak oil confusion](#)

Google news searches often turn up editorials, opinion pieces and analysis written by people who don't buy into this "peak oil" theory. Most of these writers don't understand what "peak oil" means.

Preparing for ASPO-USA's Houston conference held last October, the author wrote an Introduction to Peak Oil that was included in the press packet for the gathering. Those new to the issue may want to read this background material. Let's analyze a recent editorial, "Peak No Evil" from the *Financial Times*, to identify some of the confusions it contains.

### [Oil would be hit by economy slowdown - OPEC President](#)

Oil demand and crude prices would be affected by any world economic slowdown, and OPEC is closely following the U.S. economic crisis to see if it will spread, OPEC President Chakib Khelil was quoted as saying by Algeria's official APS news agency.

"We are following with interest the evolution of this crisis which could, if it comes to affect Europe and the rest of the world, bring about a decline in the development of the world economy," Khelil was quoted as saying on Wednesday.

### [Nigeria Militants Say Major Attack Is 'Imminent'](#)

The Nigerian militant group known as the Movement for the Emancipation of the Niger Delta, or MEND, said it's planning a major attack against the oil industry.

"An attack is imminent that will rock the foundation of the international oil market," MEND spokesman Jomo Gbomo said in an e-mail to Bloomberg. A "smoke screen" is being devised to divert attention away from the actual target, he said.

### [Rebel Group: Attacks On Nigeria Oil Delayed For Now](#)

Rebels in Nigeria who planned a major and imminent attack on oil facilities appear to have delayed it, emails from a spokesman indicate, though he warned future attempts to disrupt oil supply would halt the country's crucial oil exports.

The Movement for the Emancipation of the Niger Delta can "confirm there was a major attack planned for a major oil facility in Rivers state," the group's self-declared spokesman, Jomo Gbomo, said in an email to Dow Jones Newswires.

... "It is not possible to disclose the precise facility we had planned to target, but I can confirm that had that attack taken place, the world oil market will be in disarray."

Later, he added: "It only takes a day to destroy what took 20 years to build. Our attacks in 2008 (are) meant to halt oil exports. All the oil majors are our target and the timeline will be at our choosing when the window of opportunity presents itself."

### [Hunter-gatherers: Noble or savage?](#)

We have been creating ecological crises for ourselves and our habitats for tens of thousands of years. We have been solving them, too. Pessimists will point out that each solution only brings us face to face with the next crisis, optimists that no crisis has proved insoluble yet. Just as we rebounded from the extinction of the megafauna and became even more numerous by eating first rabbits then grass seeds, so in the early 20th century we faced starvation for lack of fertiliser when the population was a billion people, but can now look forward with confidence to feeding 10 billion on less land using synthetic nitrogen, genetically high-yield crops and tractors. When we eventually reverse the build-up in carbon dioxide, there will be another issue waiting for us.

### [Insight: Emerging markets must correct imbalances](#)

Recent US interest rate cuts have helped create a liquidity boom in emerging markets (EM), fuelling demand for raw materials and boosting stock markets. In turn, robust demand and a global oil supply contraction in the third quarter of 2007 recently pushed crude oil briefly above \$100 a barrel. Meanwhile, the US dollar is close to record lows, both against the euro and on a broad basis. More interestingly, the long-term correlation between oil and the dollar has moved from a historical average of -1 per cent to -80 per cent of late.

How are the spike in oil prices and the slide in the dollar related?

### [Gunmen attack ships near Nigerian oil/gas complex](#)

Unknown gunmen attacked four oil service ships on the channel leading to Nigeria's largest oil and gas export complex on Bonny Island on Wednesday, oil company security sources said.

Two people were injured, but none of the vessels were boarded, the sources said. Bonny Island is the export point for about 400,000 barrels per day of crude oil and 18 million tonnes per year of liquefied natural gas.

### [Exxon begins production from massive Angolan project](#)

Exxon Mobil Corp. said today it has begun oil production from a multibillion-dollar project off the west African coast. The company plans to drill more wells there than any of its other offshore sites.

The world's largest publicly traded oil company is the operator and 40 percent equity stakeholder in the Kizomba C development, located in about 2,400 feet of water roughly 90 miles off the coast of Angola.

### [Fighting Inflation, China Freezes Energy Prices](#)

BEIJING — Prime Minister Wen Jiabao responded Wednesday to growing public anxiety about inflation by announcing that China would freeze energy prices in the near term, even as international crude oil futures have continued to surge.

...Prices of oil products, natural gas and electricity will be frozen in the near term. Rates for public water bills will also be frozen, as will the price of public transportation tickets.

The edict also called for stabilizing prices on medical services and for certain agricultural fertilizers. It ordered local governments to monitor prices closely and warned that punishments would be strengthened for those who violate government price-control policies.

### [Iran Minister Expects Oil Price 'Well Beyond' \\$100, IRNA Says](#)

Iranian Oil Minister Gholamhossein Nozari said he expects oil prices to go "well beyond" \$100 a barrel, the state-run news service IRNA reported.

The oil market is well supplied, Nozari said in Tehran today, blaming fluctuating prices on the depreciation of the U.S. dollar, speculators and "climatic conditions," IRNA reported.

### [Russia's Gazprom says increases gas supplies to Greece, Turkey](#)

Russia's Gazprom has increased natural gas supplies to Greece and Turkey to above previously-contracted levels, the state-controlled monopoly said in a statement.

"In December 2007, Gazprom increased gas supplies to Turkey from 30 to 38 million cubic metres per day" following a request from Turkey's Botas, the statement said.

### [China: Slipping On High Oil Prices](#)

China's economic minders have always prided themselves on the fact that despite the country's insatiable appetite for energy its booming economy has remained largely insulated from fluctuating international oil prices.

But when prices hit 100 US dollars per barrel in early January, the unease among officials and pundits was palpable.

"China is vulnerable precisely because it has never experienced an oil crisis," says Zuo Xiaolei, chief economist with Yinhe Securities. "Our energy contingency planning is only in its initial stages and sharp increases in oil prices are bound to have a big impact on the country."

### [Russia's Surging Economy](#)

Despite growing prices for natural resources and raw materials, Russia's positive trade balance has shrunk, because imports are increasing faster than exports--which may be a dangerous trend, and likely to continue in this year. It seems that Russia is incapable of substantially increasing the production, and consequently, the volume, of exports of natural resources. The solution to the shortage is the rising price of oil and gas.

### [Oil 'supermajors' ten years on](#)

Only ten years after "supermajor" entered the oil industry's lexicon, the term is already showing its age.

At the start of this decade, once the industry's mega-mergers were completed, the combined market capitalisation of Exxon (NYSE:XOM)Mobil, Royal Dutch Shell and BP was around \$700bn - nearly two-thirds of the global sector's total. These days, the supermajors represent just 23 per cent. BP and Shell have been surpassed by Gazprom and PetroChina (NYSE:PTR) (floated in 2000) in a decade of tightening oil supplies and resurgent resource nationalism. One data point missed during the emergence of the supermajors between 1998 and 2000 was that they held less than 3 per cent of global proved oil and gas reserves. Meanwhile, the size gap with other western majors such as Total and Chevron has closed significantly.

### [BP to suffer massive tax hit after stockpiling](#)

BP has been pointing out the possibility of a higher tax bill, sparking downward revisions in analysts' earning estimates and a slide in its share price.

The company told analysts it would take a tax hit on stockpiles of oil that have been built up in response to soaring prices. The disclosure prompted Merrill Lynch to slash its earnings estimate for the group by 25 per cent from £5.9 billion to £4.4 billion for the fourth quarter, after it raised its tax estimate to 43 per cent from 36 per cent.

### [Venezuela's PDVSA reduces payment period for oil derivatives to 8 days vs 30](#)

State-owned oil company PDVSA said it is reducing the time period for paying for oil products and derivatives to 8 days from 30 days at present mainly due to the continuing devaluation of the US dollar.

### [Mauritania tightens oil security after attacks](#)

Mauritania will tighten security around its fledgling oil industry following recent attacks by suspected al Qaeda militants on French tourists and government soldiers, its oil minister said on Wednesday.

The Islamic Republic, which straddles black and Arab West Africa, is one of the world's newest oil exploration frontiers although output which started from its offshore Chinguetti field almost two years ago has since been disappointing.

### [Kashagan meeting slips to Jan 13 or later - source](#)

A key meeting between the Kazakh authorities and heads of international oil majors developing the Kashagan oil field is postponed until January 13 or later, a source familiar with the situation said on Wednesday.

### [UK: Homeowners panic buy heating oil in wake of world oil prices](#)

Home owners throughout Fermanagh were panic buying home heating oil last week in a kneejerk response to the price of oil on the UK markets hitting \$100 a barrel (159 litres/35 gallons) for the first time and, a 'first' was recorded at the Fuels and Lubricants depot outside Enniskillen when a 900 litre order was priced at £400, cash down.

### [Pakistan: Lasting power outages shut steel, textile mills](#)

Pakistan's textile and steel factories remained closed for the second week, jeopardizing production and export targets after nationwide riots disrupted oil supplies and led to a

power shortage.

..."The textile industry is losing millions of dollars due to the power shortage," Iqbal Ebrahim, chair of the All Pakistan Textile Mills Association said from Karachi. "We hope the government finds some way out of this crisis."

### [Eskom's black presence](#)

People in South Africa may understand fully the inconvenience of having a six-hour power cut (in the case of Cape Town several days in mid-winter) more than many other nations out there might understand, experience and tolerate.

How can it be that a nation's power utility was not fully prepared and anticipated the growth in demand, given the prosperous outlook of nationals and government alike, let's say about 10 years ago?

### [Pakistan: PM urges nation to curb use of vehicles](#)

In a bid to improve the energy supply situation, Prime Minister Mohammedmian Soomro on Tuesday appealed to the nation to reduce use of vehicles and save energy.

### [Uganda: Fuel Stock to Last Five Days](#)

At about 9:00am, motorists converged at the filling station on learning that a truck had arrived with 11,000 litres of fuel.

However, they were disappointed that the price of petrol had increased from sh2,490, prompting the deputy resident district commissioner (RDC), Milton Odong, to order the Police to stop Delta from overcharging motorists.

But the RDC, Col. Walter Ochora, cleared Delta to sell fuel at sh6,000.

"This is a free economy. There is no way the Government is going to fix prices for people in private enterprise."

### [BG May Pipe Gaza Gas Via Egypt As Israel Talks Fail](#)

BG Group is to consider again an option to sell its Gaza natural gas through Egypt, after a collapse of talks to commercialize it in Israel, a person familiar with the situation said Tuesday.

Last month, BG said it had reached an impasse in talks with Israel to pipe gas from its Gaza fields to Israel as the two parties disagreed on a range of issues including price.

### [BP restarts Texas City ultracracker this week-filing](#)

BP will restart an ultracracker unit at its 417,000 barrel-per-day refinery in Texas City, Texas this week, the company said in a filing with state regulators.

### [Valero's Aruba refinery shuts after power outage](#)

A power outage on Tuesday afternoon shut all units at Valero's 275,000 barrel per day refinery in Aruba, a company spokesman said in Wednesday.

"All units are off line," said Bill Day, a spokesman for the refiner, adding it takes several days to implement the restart process.

### [Richard Heinberg on The Reality Report](#) (audio)

The program begins with a review of the connections between energy and society, drawing from the work of cultural anthropologist Marvin Harris. A discussion of relationship between climate change and fossil fuel depletion ensues. The program concludes by offering some perspective on how to cope psychologically with difficult information.

### [Are the suburbs a health hazard?](#)

"The suburbs are a nightmare — a total planning disaster. People move in because they're affordable, and then they can't do anything. They're in the car all the time. You get this big house, but studies show that the rate of heart attack increases with the length of time you are stuck in traffic."

### [FACTBOX - New Nuclear Power Plants](#)

Following are key facts about nuclear power reactors in Europe and around the world and plans for new plants to be constructed.

### [Green energy's hottest stocks for 2008](#)

Investing experts say to stay away from solar, which saw a huge run up in 2007, and instead focus on wind, energy efficiency specialists or the battered biofuels sector.

### [Who could get sued for global warming](#)

It's not who you think. One report identifies a toymaker and cruise operator among firms most at risk for not telling shareholders enough.

### [Brazil registers over 2 mln biofuel cars in 2007, 85.6% of cars sold](#)

Brazil registered 2.0 mln biofuel cars in 2007, representing 85.6 pct of the cars sold on the Brazilian market last year, the Association of Automobile Manufacturers (Anfavea) said.

Brazil now has a total of 4.6 mln biofuel cars, which run on either petrol or on ethanol made from sugarcane, Anfavea said. These cars were launched on the local market in 2003.

### [UK authority pulls ads about Malaysian palm oil after environmentalists complain](#)

Britain's advertising watchdog on Wednesday ordered British television to stop airing two commercials suggesting palm oil production in Malaysia is good for the environment, calling them misleading.

The independent Advertising Standards Authority accepted complaints by environmentalists that the net impact of using palm oil as a biofuel is still unproven, and that the Malaysia Palm Oil Council's commercials could mislead viewers to think palm oil plantations are as environmentally friendly as natural rain forests.

### [Renewables Supply 14% of German Power - Industry](#)

Renewable energy made up more than 14 percent of Germany's power consumption in 2007, up from almost 12 percent in 2006, with wind as the main contributor, the German Renewable Energy Federation (BEE) said on Tuesday.

### [Carbon credits come with a cost](#)

It's a new year, and with it comes new responsibilities. In August of 2008, the Western Climate Initiative will require B.C. businesses to begin reducing their greenhouse gas (GHG) emissions to 33 per cent below 2005 levels. If these greenhouse gases can't be reduced, companies will be required to offset their pollution via a new form of environmental currency, the carbon credit.



## [China to ban plastic bags](#)

China has issued a ban on the production of ultra-thin plastic bags and their free distribution by supermarkets and shops effective from June. Too many plastic bags are used in China, which are not disposed of properly, wasting oil and littering the country, according to China's cabinet, the State Council.

## [Will I Die In A Food Riot?](#)

To create space colonies would likely be a financial boondoggle and a giant cost if the federal government was financing it. But, there is a different large space system, Solar Power Satellites, that would collect energy, redirect it to earth, and which could break even and yield a return on investment. It would therefore be economically viable.

## [OPEC's Ability to Tame Oil Prices Is Limited](#)

OPEC's ability to tame oil prices that hit a record high above \$100 a barrel last week is curbed by limited unused production capacity, officials from the exporter group and analysts say.

The Organization of the Petroleum Exporting Countries says it holds around 3 million barrels per day of production in reserve. Since many members have expressed unease with record prices, that begs the question: why are they not raising output?

## [Planet Earth 2007: Top 10 Science Revelations](#)

### **#10: Impending Oil Peak**

With the price of oil climbing and the world's heavy dependency on this fossil fuel, estimates of just how much oil we have left are critical knowledge for governments and policy makers. A new study this year predicted that global oil production could peak as soon as 2008, and would likely do so before 2018. After this peak, production would decline, causing potential supply problems, though experts disagree on just how much oil might be left in the Earth.

## [China set for 400,000-bpd oil refinery output rise](#)

China's top oil refineries and major new plants will supply an additional 400,000 barrels per day (bpd) of fuel to the world's second-biggest consumer this year, more than double last year's rise, a Reuters survey found.

While that growth is nearly equal to the forecast increase in demand, China may be forced to continue importing extra supplies right up until the Olympics this summer as

several key facilities will be commissioned only in the latter half of the year.

### [UK: Preparing for world oil crisis in Seaton](#)

A new community group in Seaton is hoping to prepare the town against future oil shortages.

Sustainable Seaton has been set up to raise awareness of the effects that climate change and decreasing oil supplies will have on the town.

### [Us and the Earth: a Faustian bargain](#)

Thomas Homer-Dixon recently advised Globe and Mail readers how to use technology to tame the rising oceans. A man named Faust had a similar idea in 1832. The real Faust was a shadowy figure. The Faust we know, who has entered Western myth, was created by German writer Johann Wolfgang von Goethe.

### [Tough to pump more oil, even at \\$100](#)

Oil at \$100 a barrel should give exporters every incentive to pump more, but their difficulty in doing so shows the world is struggling to sustain production.

A growing number of leading industry figures -- the CEOs of Total and ConocoPhillips among them -- now question mainstream forecasts for supply, suggesting the era of "plateau oil" is nearer than many in the business have admitted.

### [Biofuels and banquets put pressure on stocks of palm oil](#)

The Malaysian Government has been forced to release emergency stocks of palm oil to break a wave of panic-buying after cooking oil prices soared.

The crisis has prompted palm oil rationing in a country that is one of the world's largest producers of the commodity and the rush to buy it coincides with growing fears of cooking oil shortages before the banquets and general rise in the consumption of fried food over Chinese new year.

### [Transport emissions study 'misleading' say experts](#)

Experts are calling "misleading" a study which suggests that emissions from the shipping industry cool the world and will continue to do so for centuries. The study was

published in a leading scientific journal on Monday.

### [\\$2,500 cars = \\$200 oil?](#)

"This is going to really shoot demand to levels we have not seen before," said Michael Economides, an oil expert at the University of Houston and a former adviser to several state-owned oil companies. "That's going to open up segments of the population that weren't accessible."

In China, for example, demand for oil surged in recent years as more people moved to urban areas, their incomes rose, and they bought cars. Now, 1,000 new cars take to the streets of Beijing daily, Economides said.

### [Paul Roberts: Over a barrel](#)

Speculation and high demand for oil have given us the \$100 barrel. So will a recession drive the price down? Not necessarily.

### [World Bank: Developing economies to cushion US slowdown in 2008](#)

Continued robust expansion in developing countries will help offset a slowdown in the United States this year amid concerns of a possible recession in the world's largest economy and oil prices will gradually decline, the World Bank said Wednesday.

### [Statoil forecasts energy production gain](#)

Norway's state-controlled oil company StatoilHydro ASA on Wednesday said it expects oil and natural gas production to increase 16 percent by 2012 after declining in recent years.

### [Norwegian oil output falls to 2.209 mln barrels a day in December](#)

The Norwegian Petroleum Directorate said on Wednesday that Norway's oil output in December dropped to a preliminary 2.209 mln barrels per day on average compared with 2.212 mln in November.

... It gave no reasons for the decline in the December number.

The Norwegian Petroleum Directorate in December said that crude oil production on the Norwegian Continental Shelf is declining more rapidly than the oil companies had previously expected, adding that something needs to be done.

### [Nigerian oil refineries to restart after 2 years](#)

A pipeline carrying crude oil to two Nigerian refineries has been fixed two years after it was blown up by militants and the plants will restart by the end of January, a state oil company official said on Wednesday.

The resumption of the Warri and Kaduna refineries, with a combined capacity of 235,000 barrels per day, should reduce Nigeria's \$4 billion annual fuel import bill dramatically and cut crude oil exports by about 200,000 barrels per day.

### [Shell in gas field talks with Iraq](#)

The Iraqi government has asked Royal Dutch Shell to conduct tests on a gas field close to the Syrian border, which could lead to the oil major taking a stake in the field, a Shell spokesman said on Wednesday.

### [Refinery foes push to delay meetings](#)

SIOUX FALLS, S.D. (AP) - Union County officials say two planned meetings in the case of a proposed oil refinery near Elk Point will be held as scheduled.

But refinery opponents say they might ask a judge to delay the meetings -- saying county officials did not properly notify the public.

### [BP forecasts slashed after company briefings](#)

Two major investment banks have cut BP profit expectations by as much as 26% after the company gave them pre-results guidance.

### [Russia's oil fund rakes it in](#)

Russia's oil fund - the budget stabilisation fund - hit \$156.81 billion on 1 January, up from \$150.86 billion on 15 December, the Finance Ministry said today.

The fund was created in 2004 to cushion the budget from a fall in international oil prices. The fund collects mineral extraction and export duties when the price of oil exceeds \$27 per barrel.

### [Incurable dengue disease could spread in US: researchers](#)

Incurable, mosquito-borne dengue disease could spread from subtropical areas into the United States through global warming, requiring greater efforts to combat it, health authorities said Tuesday.

### [UN climate chief to visit Antarctica](#)

The next report by the Intergovernmental Panel on Climate Change should deal with the "frightening" possibility that both Antarctic and Greenland ice sheets start melting at the same time, the chief U.N. climate scientist said Tuesday.



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