



DrumBeat: January 10, 2008

Posted by [Leanan](#) on January 10, 2008 - 9:52am

Topic: [Miscellaneous](#)

[Totally different](#): *Christophe de Margerie, the boss of Total, thinks that the world's oil production may be nearing its peak*

Mr de Margerie is careful to point out that he is not predicting “peak oil” in a geological sense. His definition of peak oil is “when supply cannot meet demand”. He believes that the fuel that the world needs to keep its cars and factories running may well be out there, somewhere. It is just getting harder and harder to extract, for technical as well as political reasons. For one thing, he points out, the output of existing fields is declining by 5m-6m b/d every year. That means that oil firms have to find lots of new fields just to keep production at today's levels. Moreover, the sorts of fields that Western oil firms are starting to develop, in very deep water, or of nearly solid, tar-like oil, are ever more technically challenging. There is not enough skilled labour and fancy equipment in the world, he believes, to ramp up production as quickly as people hope.

Oil might be a little easier to get at in places like the Middle East or Russia. “But we can't just say we'd like it, we want it, we'll take it,” says Mr de Margerie. Oil-soaked countries, he believes, will not open up their reserves for exploitation just to make life easier for companies like his. All of which leaves Western oil giants in something of a pickle. “We all think the same,” he says of other oil bosses, “it's just a question of whether we say it.”

[OPEC Should Increase Output to Rebuild Inventories, Lehman Says](#)

OPEC, the producer of 40 percent of the world's oil, should agree to add more supplies to the market when it meets early next month, the chief energy economist of Lehman Brothers Holdings Inc. said.

“What they should do is put more oil in the market to allow inventories to rebuild,” Edward Morse said today in an interview in Amsterdam. Inventories have shrunk to an “extremely low level,” he added.

[\\$750-Million Contract Boosts Gulf Hurricane Cleanup Work](#)

Two years after Hurricanes Katrina and Rita hit the Gulf of Mexico, oil and gas companies have cleaned up just half the mess made by the storms, and the work is

expected to continue until 2013, according to the federal Minerals Management Service (MMS). But a \$750-million contract recently awarded by a group of platform owners to Harvey, La.-based Superior Energy Services signals that some companies are ready to finish the work. The contract is the biggest hurricane-cleanup contract yet, industry officials say.

[Report: Oil, LNG Tankers Vulnerable](#)

The Coast Guard lacks the resources to adequately protect tankers carrying liquefied petroleum or crude oil from a possible terrorist attack, congressional auditors reported Wednesday.

The report by the Government Accountability Office said the Coast Guard is stretched too thin in some cases "to meet its own self-imposed security standards such as escorting ships carrying liquefied natural gas."

Also, said the report, some ports visited by the government auditors did not have the resources needed to promptly respond to a terrorist attack on a crude oil or LNG tanker, including a shortage of fire boats and inadequately trained people.

[C-Realm Podcast: The Long Emergency](#)

KMO welcomes author Dmitry Orlov back to the program for a discussion of keeping people fed in times of turmoil and for a reading from Orlov's soon-to-be-published book, *Reinventing Collapse: The Soviet Example and American Prospects*. After that, James H. Kunstler, author of *The Long Emergency: Surviving the Converging Catastrophes of the Twenty-First Century*, drops by to talk about the fate of suburbia in the post-petroleum era.

[Colorado gas cheapest in nation](#)

Houglund attributes Colorado's cheap pump price to Suncor, owner of Colorado's only refinery in Commerce City, and other bigger suppliers supporting a low wholesale gasoline price.

That, in turn, discourages other suppliers from bringing additional gasoline from Oklahoma or Texas to bolster the market here. So, any supply disruption, caused by an unplanned refinery outage or a pipeline leak, could trigger a fuel shortage in the Denver area.

[Specter of energy rationing looms heavily over Brazil](#)

Rainfall in the beginning of January was 55% lower than usual, O Globo said, and low

reservoir levels prompted officials to switch on all thermoelectric power plants to reduce the strain on hydroelectric dams that generate more than 80% of its electric energy.

But Kelman said that Brazil's state-run oil company, Petrobras, does not have enough natural gas to fuel the thermoelectric plants, mainly because of rising domestic demand and supply hurdles in Bolivia, which provides 50% of Brazil's gas.

[Natural gas cuts affect Greek pipelines](#)

Cold weather affecting a wide region from Central Asia to the Balkans has sparked new international traffic among energy bureaucrats and government officials of countries from Turkmenistan to Greece as a gas deficit spreads.

Turkey has halted the flow of Azerbaijani gas to Greece due to a suspension of gas supplies from Iran to Turkey, a senior Turkish Energy Ministry official told Reuters yesterday.

[Canada's AECL agrees on nuclear study in China](#)

Atomic Energy of Canada Ltd. has agreed to cooperate with the Nuclear Power Institute of China to study nuclear technology that uses less uranium in response to a possible future shortage of the fuel.

China's plan to build 40 gigawatts of nuclear generation capacity by 2020 would require seven times the uranium that it can currently count among its proven reserves, said AECL's China representative Yang Q. Ruan. This has forced the country to redouble efforts to ensure uranium supply.

[China gets first toehold in Canadian uranium](#)

Chinese steelmaker Sinosteel Corp has signed a memorandum of understanding with small Canadian explorer Ditem Explorations that could lead to it taking an equity stake in the firm.

Ditem said it had signed the deal with Sinosteel last month, providing the groundwork for exploration of its uranium properties and new properties in the Athabasca basin.

[Kazakhstan to Increase Uranium Output Fivefold, Overtake Canada](#)

Kazakhstan, the world's third-biggest uranium producer, plans to increase output fivefold within a decade and overtake Canada as the largest supplier of nuclear fuel.

The Central Asian nation intends to mine 30,000 metric tons a year by 2018, Mukhtar Dzhakishev, president of state-run producer Kazatomprom, said in an e-mailed response to questions on Jan. 8. Kazakhstan extracted 5,279 tons in 2006, about 4,600 tons less than Canada, according to the World Nuclear Association in London.

[Germany to remain anti-nuclear stronghold](#)

Germany will uphold staunch political opposition to atomic energy, unperturbed by the mood swinging back in favour of nuclear power elsewhere.

Oil at record highs, climate worries, and the need to cut dependency on energy imports is due to move the British government to back new nuclear power plants on Thursday.

But Germany, Europe's biggest and most central power market, will not follow suit.

[China poised to be world leader in renewable energy, expert predicts](#)

China is poised to become a global leader in renewable energy in the next few years, the head of environmental research group Worldwatch said Wednesday.

"I think China will be number one in less than three years in every renewable energy market in the world," Worldwatch president Chris Flavin told reporters at the launch of the annual "State of the World" report.

[Daimler, ADM, Bayer to test Jatropha for biodiesel](#)

German carmaker Daimler AG has teamed up with Archer Daniels Midland and Bayer CropScience to explore tropical plant Jatropha as a biodiesel fuel, Daimler said.

"Biodiesel derived from Jatropha nut kernels has properties similar to those of biofuels obtained from oilseed rapes. It is also characterised by a positive CO2 balance and can thus contribute to protecting the climate," the companies said in a statement.

[The High Price of Malaysias Palm Oil Boom](#)

The Malaysian stock exchange hit a new all-time high in trade on Monday, but I do not believe it is something to celebrate for the people of Malaysia. Indeed, it looks like the have-nots of the emerging Asian country are going to have even less because of this. This record-causing jump in palm oil prices came on the day that the Malaysian government announced that it was planning to do something about the countrys new cooking oil crisis.

[Cohen: Is ethanol everybody's fuel?](#)

Ethanol, renewable and relatively clean, is lovely. The life of the migrant Brazilian rural worker, finite and hot, is not.

[Global warming 'changing world economy'](#)

Global warming is forcing the world to change the way it does business, according to a new report.

A more sustainable global economy is emerging as countries and companies move to combat the challenges posed by climate change.

Huge amounts of money are pouring into clean energy projects, carbon trading and environmental and energy hedge funds, says the annual State of the World 2008 report from the Worldwatch Institute, an independent research organisation.

[Korea's Fight Against Record Oil Prices and Weak Dollar](#)

The world has long enjoyed a Goldilocks economy – an economy that is not so hot that it causes inflation, and not so cold that it causes a recession – since 2003 before eventually hitting a snag in the second half of 2007, disturbed by oil price spikes and a meltdown in the global financial market. Departing from the golden days, many nations are now apparently heading toward a slowdown or even a recession in the face of greater inflation risks pressured by record oil prices and an unusual credit crunch in the global financial market.

[Carpooling: A way to meet friends, influence people](#)

It was the first night of a conference in Yellow Springs, Ohio, in October, and I needed a ride to my motel, 10 miles from the conference site. As part of my ongoing experiment in traveling without my own car, I approached a stranger, wondering how he would react to a request that he let me into his car. It turns out he was a transportation planner, and he was delighted when I asked him for a ride.

[Global Oil Supply Challenges Will Drive Crude Prices to US\\$150](#) - Modest Russian Production Growth to be Gobbled up by Domestic Demand

As part of its research, CIBC World Markets reviewed nearly 200 new oil projects slated to start oil production over the next five years and found that scheduled production timelines are far too optimistic, with project delays the norm, not the exception, among the group.

It found that heavy reliance on increasingly high cost and technically challenging fields like the Kashagan project in Kazakhstan, Russia's Sakhalin II and Canadian and Venezuelan oil sands have left world supply growth vulnerable to a seemingly never-ending series of project delays.

...These project delays are also happening at a time of accelerated global depletion in existing fields. The rate has climbed to over four per cent, which cuts nearly four million barrels per day out of each year's production. The recent increases are in part, related to the growing importance of offshore, and, in particular, deepwater fields, which have depletion rates twice that of conventional fields.

"Cliff-like depletion rates have already been in evidence in the North Sea and now the huge Cantarell field in Mexico," adds Mr. Rubin. "Since 2000, offshore fields have been the single-largest source of new supply growth. As their weight in total production increases, future depletion rates will continue to rise. Even holding the current depletion rate constant over the next five years, we must produce nearly 20 million barrels per day of new oil just to offset what will be lost through depletion during this period."

[Carmaker in India unveils \\$2,500 car](#)

NEW DELHI — India's Tata Motors on Thursday unveiled its much anticipated \$2,500 car, an ultra-cheap price tag that suddenly brings car ownership into the reach of tens of millions of people.

While the price has created a buzz, critics say the vehicle, called the Tata Nano, will lead to possibly millions more cars hitting already clogged Indian roads, adding to mounting air and noise pollution problems. Others have said Tata will have to sacrifice quality and safety standards to meet the target price.

Company Chairman Ratan Tata has said the car will be the least polluting car in India and meet necessary safety standards.

Chief U.N. climate scientist Rajendra Pachauri, who shared last year's Nobel Peace Prize, said last month that "I am having nightmares" about the prospect of the low-cost car.

[Pakistan: Iron, steel products' prices shoot up](#)

The prices T-iron, iron belts and other allied products of the steel industry have sharply increased as the current energy shortage in the country has almost stopped production at steel furnaces.

This stoppage has led to reduced supplies of raw material like iron billets and ingots to the steel re-rolling industry.

[Pakistan: Coal-fired power plants](#)

A high-level government meeting on Friday will decide the tariff for coal-fired power plants as the country struggles to cope with a worsening energy crisis, The News has learnt.

[South Africa: The silver lining in power outages](#)

The stark reality is that expensive and unreliable energy can only be good for the long-term health of our planet. Our electricity is among the cheapest in the world and our consumption among the highest if one excludes the top industrial countries.

[NASA climatologist: Coal plant would be "waste of money"](#)

One of the world's top climate scientists says a new coal-fired power plant planned for Marshalltown would be a waste of money because it will soon be necessary to close such coal-burning facilities to save the earth's climate.

James Hansen, an Iowa native who heads NASA's Goddard Space Center in Manhattan, is expected to testify as a private citizen before the Iowa Utilities Board next week in opposition to Alliant Energy's proposed Marshalltown power plant.

[UK: Taxpayers To Pay As Britain Goes Nuclear](#)

The Tories claimed the programme could be massively expensive as private firms will demand generous subsidies from the state.

The cost of decommissioning the stations at the end of their lifespan - which could cost tens of millions of pounds - is also expected to be paid by the taxpayer.

[Timeline: Nuclear power in the United Kingdom](#)

Key events in the history of nuclear power in Britain

[Nuclear power around the world](#)

A look at nuclear energy production and policies around the world, as the UK government announces its long-term nuclear energy plans.

[Sun doctor: A man's 3000-mile trek raises solar-energy awareness](#)

Heading towards the rising sun, Martin Vosseler is a man on a mission. The 59-year-old Swiss doctor began his latest adventure last week—a 3000-mile walk across the country.

From Los Angeles to Boston, Dr. Vosseler is heading east, hoping his journey will teach him about the United States and what Americans are doing in the field of renewable energy

On his coast-to-coast trek, called SunWalk 2008, Dr. Vosseler hopes to raise awareness for the need of solar and other renewable energy sources. He believes that the sun is the answer to the growing energy crisis in the world and plans to share his vision with those he meets along the way.

[Mexico's Pemex stopping US West Coast oil exports](#)

Mexican state oil monopoly Pemex will stop shipping crude oil to the U.S. West Coast from February due in part to a shortage of infrastructure at Salina Cruz port, the company said on Wednesday.

Pemex was only shipping a tiny 20,000 barrels per day of oil to the U.S. Pacific coast out of its total daily exports of around 1.7 million barrels, but will now focus on exports to the U.S. Gulf coast and smaller shipments to Europe and Asia.

Pemex said the decision was made because of limited storage space at Salina Cruz, on the Pacific coast, and bottlenecks with transporting crude oil there from Dos Bocas on the Gulf of Mexico coast where much the country's oil is produced.

[Russia Struggles To Supply Power To Domestic Consumers](#)

Distracted by the country's longest festive season, Russia has faced a series of power outages in early January, including in areas where temperatures plummet to extreme lows. The accidents came as an ominous reminder that Russia needs to improve and redevelop its basic infrastructure, specifically to rehabilitate power and heating supply systems after years of under investment.

[Pakistan to increase Iran gas import](#)

Islamabad says it will ask Tehran to increase Pakistan's gas supply by 50 percent if India stays away from the peace pipeline project.

[Pemex Needs Internal Reorganization, Opposition Says](#)

Petroleos Mexicanos, the nation's state oil monopoly, can boost slumping crude output through internal reorganization and thus avoid intrusion from private or foreign investors, the main opposition party said.

[Sinopec falls after Beijing says to curb fuel price rise](#)

Shares in Sinopec, Asia's largest oil refiner, fell nearly 5 percent on Thursday after Chinese Premier Wen Jiabao said there should be no immediate increase of oil product prices.

[Judge refuses to delay Elk Point oil refinery rezoning meetings](#)

ELK POINT, S.D. (AP) - Two Union County meetings on a proposed oil refinery are set to go on as scheduled, despite a request in court by opponents to stop them.

Hyperion Resources of Texas is asking to rezone nearly 4,000 acres of farmland to build a \$10 billion refinery near Elk Point.

[Chileans Balk at Geysers Generating Electricity, Not Tourism](#)

Tourist guide Patricia Salazar sees a marvel of nature when she looks at Chile's El Tatio geysers shooting plumes of heated white water vapor high into the air. Italy's Enel SA sees an untapped energy source.

Enel and Empresa Nacional del Petroleo, known as Enap, want to convert water heated by magma into electricity. Surrounding towns are lobbying the government to reject the proposal, saying it threatens their revenue from almost 100,000 tourists who visit the geysers annually.

[Peak Oil & Beyond: An Interview with Matthew Simmons](#)

The start of 2008 has brought with it the first official sighting of \$100 oil. I say "first" because the age of cheap oil is coming to a close. While no one can say with absolute certainty where prices will go from here, the odds are in favor of them moving much, much higher. You can stand by and watch helplessly as your gasoline and other energy costs skyrocket, or you can make the trend your friend and profit from it. As you might have guessed, I'm in the latter camp.

I'm not alone. Matt Simmons is one of the world's foremost authorities on peak oil. Below is a transcript of a recent conversation he had with Bud Conrad, Casey Research's chief economist, about the dynamics at the tail end of our petroleum age.

[Saudi not set to sell more for Feb despite \\$100 oil](#)

Saudi Arabia is unlikely to offer extra crude for February to Asian buyers, even after oil hit \$100 last week, as most refiners have little need and ability to process additional heavy sour crude, refining sources said.

The kingdom raised term exports to Asia by a tenth for November to full contracted volumes after it convinced other OPEC members to boost daily output by 500,000 barrels from Nov.1, in response to a jump in prices past \$80 a barrel for the first time in September.

[North Sea Brent Oil Daily Shipments Will Fall 8% in February](#)

Daily shipments of North Sea Brent crude, part of the price benchmark for almost two-thirds of the world's oil, will fall by about 8 percent in February.

Tankers are set to load 184,552 barrels a day of Brent crude in February, down from 200,645 barrels a day scheduled for January, according to the loading program of field operator Royal Dutch Shell Plc, Europe's largest oil company.

A total of 5.35 million barrels will be shipped next month, compared with 6.22 million barrels in January.

[UK trade gap widens as oil deficit climbs](#)

Britain's goods trade deficit with the rest of the world widened in November as the deficit in oil climbed to its highest in more than two years.

The figures also showed a worrying climb in import inflation, a trend that is likely to worsen further given the pound's recent fall.

[Russia's Arctic scientists receive 'hero' awards](#)

Russian President Vladimir Putin on Thursday granted "hero" awards to scientists backing Moscow's claim to a mountain range under the Arctic Ocean that is believed to contain huge oil and gas reserves.

The scientists planted a Russian flag under the North Pole ice in August as part of an Arctic expedition that heated up the controversy over the area which a U.S. study suggests may contain as much as 25 per cent of the world's undiscovered oil and gas.

[Suncor oil sands production falls just short of target](#)

Suncor Energy Inc. says its oil sands production during 2007 averaged about 236,000 barrels per day, short of the target 240,000 to 245,000 bpd.

In December, output at Suncor's oil sands operation at Fort McMurray, Alta., averaged 234,000 barrels per day, down from 266,000 in November.

[Nigerian rebels claim ship attacks, threaten more](#)

In an email to the media, the Movement for the Emancipation of the Niger Delta (MEND) said it sponsored gunmen who shot at six oil industry vessels in the Bonny River channel on Wednesday, in which two people were injured.

"MEND will be supporting these small independent groups to harass and sabotage the oil industry at will," the group said.

[Britain backs new nuclear power plants](#)

The British government on Thursday announced support for the construction of new nuclear power plants, backing atomic energy as a clean source of power to fight climate change.

Business Secretary John Hutton told lawmakers that nuclear power "should have a role to play in this country's future energy mix, alongside other low-carbon sources." He said nuclear energy was a "tried and tested, safe and secure" source of power.

[Sydney: Cycling the way to go in this overcrowded city](#)

We are past the day when we have any choice but to pursue alternatives: oil is running out and global warming is increasing at an alarming rate. Our streets are becoming impossibly congested, polluted and unpleasant to use. The health costs, in respiratory disease and obesity, to name but two, are well-documented.

Many people choose cars over bikes because they can get directly to any destination. Get on a bike, and you'll be lucky to find continuous safe passage.

[CSIRO's Future Fuels Forum set to deliver report in June](#)

Emissions trading, future fuels and international oil supply are just some of the factors that will be considered as the CSIRO's newly formed Future Fuels Forum (FFF)

articulates the main challenges for the nation in arriving at a secure and sustainable transport fuel mix for road, rail, air and sea to 2050.

Director of the CSIRO Energy Transformed National Research Flagship, Dr John Wright, says the FFF comes at an ideal time as the decisions made today will set the course for Australia's fuel mix to the middle of the century.

[Green prospects for new year exciting](#)

Like conjoined twins, climate change and peak oil are the defining issues of our times. Our use of fossil fuels is exactly what is fueling climate change and our entire society is based on a cheap and plentiful supply. Peak oil refers to the eminent decline of crude oil production. But make no mistake, the same holds true for any nonrenewable resource, including natural gas, coal and even uranium.

[Fortunately for Us, We Have No Inflation?](#)

Realistically, oil is going to stay up here for a while. And if oil costs \$90 or \$100, you know that the prices of everything else we buy will cost more. Transportation costs more for everything we buy. All the yummy foods from the grocery are up as well.

But the headline for the foreseeable future is no inflation. \$3 gasoline. \$4 milk. A McDonald's double cheeseburger moving off the dollar menu? That's lamentable.

Why is there no inflation? Housing. This little bubble deal we've been talking about in this space since spring is causing something no one expected to ever be a worry again ... deflation. Try to sell a house in West Virginia, any house. Then try to go get a new loan or some sort of refinance yourself. Good luck without a note from your Mom, a huge down payment and proof of income.

[Will nations build on climate-change momentum of 2007?](#)

If 2007 was the year when an international scientific – and popular – momentum built around tackling global warming, this year is likely to be one of boosting that commitment. Last year, three major reports from the UN-sponsored Intergovernmental Panel on Climate Change covered the science of global warming, its potential effects, and ways for addressing the challenge. A special UN meeting in September ahead of climate-change talks in Bali last month was matched by a Washington-led initiative for major carbon-emitting nations. In 2008, expect developing nations to play a more active role in negotiations for the post-Kyoto Protocol period, (as they did in Bali). Will the Bush administration steal a march this year on the UN climate talks? The US will be pumping more research money into carbon sequestration – ways to capture CO₂ – and solar energy, and several climate bills are pending before Congress.

[Groups to sue for polar bear protection](#)

Three conservation groups notified the federal government Wednesday they intend to sue to get polar bears listed as a threatened species due to global warming.

The formal notice filed by the Center for Biological Diversity, the Natural Resources Defense Council and Greenpeace is a necessary step before a lawsuit is filed. The notice cited a missed deadline by the federal agencies and officials in Washington on whether polar bears will be listed.

[Global warming could make Australia's outback tougher: study](#)

Life in Australia's rugged outback could get even tougher when the effects of global warming bite, with extreme weather and outbreaks of exotic diseases in unexpected places, a new study suggests.

The world's driest inhabited continent is predicted to be among the regions worst hit by climate change and is already grappling with a long-running drought thought by some researchers to be linked to global warming.

As well as droughts, the study, says the outback can expect to face floods and cyclones as temperatures rise.

[Japan temperatures could rise five degrees by 2100: panel](#)

Global warming could cause temperatures in Japan to rise an average of 4.7 degrees Celsius (8.5 Fahrenheit) above normal by the last three decades of the century, an environment ministry panel has warned.

Japan's rainfall may fluctuate widely between a 2.4 percent decline and a 16.4 percent increase compared with the levels recorded in the final four decades of the last century, the panel said in an interim report this week.

[Canadian Emissions Market Recommended](#)

A Canadian government panel recommended Monday that prices be set for greenhouse gas emissions and that taxes, caps and emissions trading plans be quickly established.

[F.T.C. Asks if Carbon-Offset Money Is Well Spent](#)

Corporations and shoppers in the United States spent more than \$54 million last year on

carbon offset credits toward tree planting, wind farms, solar plants and other projects to balance the emissions created by, say, using a laptop computer or flying on a jet.

But where exactly is that money going?



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