



DrumBeat: January 12, 2008

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Topic: [Miscellaneous](#)

[Iraqi oil output increases in December](#)

Iraq's average oil output rose again in December, marking a roughly 30 percent increase since the start of 2007, the country's oil ministry said Saturday.

The average output last month reached 2.475 million barrels per day, according to figures released by the State Oil Marketing Company. In January 2007, output was 1.9 million barrels.

[Oil Industry Defends Stance on 'Hot Fuel'](#)

An attorney for the oil industry said Friday that it isn't fraudulent to sell "hot fuel" because it is legal to sell gasoline and diesel in the U.S. that's not adjusted for temperature.

That argument was made in a Kansas City, Kan., federal courtroom as the industry sought to quash more than 40 lawsuits seeking damages for consumers who have bought fuel hotter than the 60-degree industry standard. The hearing at U.S. District Court in Kansas City, Kan., was to hear arguments about the oil industry's motion to dismiss the suits.

[The Economic Outlook](#)

NEWSWEEK: *Is it surprising to you that oil has reached \$100 per barrel at a time when demand in the United States—the world's biggest consumer of oil—is slowing?*

Henry Paulson: Oil has been at a level that has seemed high for some time. I think what is noteworthy is that the economy has done as well as it has. We're using oil more efficiently, and it has a smaller overall impact on our growth. A big part of the oil story has to do with global demand and another part is the underinvestment in a number of the countries that have essentially nationalized oil production and are not managing resources efficiently.

[Aid And The Unraveling Of Pakistan](#)

Democracy suffered a string of setbacks in 2007, many thanks to oil. Gushing oil revenues helped Vladimir Putin consolidate authoritarian rule in Russia, Hugo Chávez expand populism in Venezuela and Mahmoud Ahmadinejad confront the West. All the while, an analogous force was at work in Pakistan. For more than 50 years, Pakistan has reaped its own unearned manna, which has filled its coffers and kept its fragile state afloat. In this case, however, the money didn't come from the ground, but from massive military and other forms of aid, largely from the United States, China and Saudi Arabia. Yet while the source may be different, the impact of all this cash on Pakistan has been just as destructive as oil wealth elsewhere: bloating the military and creating a culture of violent instability, in which assassinations like that of Benazir Bhutto are sadly inevitable.

[Telecommuting a bust for those left in office](#)

Telecommuting may boost morale, and cut stress, but it can have the opposite effect on those left behind in the office, according to a new study.

When a number of their co-workers toil away from the office by using computers, cell-phones or other electronic equipment, those who do not telecommute are more likely to be dissatisfied with their job and leave the company, said Timothy Golden, a management professor at Rensselaer Polytechnic Institute.

[Foreign investors ride in to rescue Citi](#)

Saudi billionaire-Prince Alwaleed bin Talal and a team of Chinese investors may ride to embattled Citigroup's rescue, according to a report from *The Wall Street Journal*.

Chinese investors, including China Development Bank, will reportedly contribute around \$2 billion. It was not known how much would be invested by Prince Alwaleed, but the *Journal* calculated that his stake in the bank would likely remain under 5 percent, but that even a 1 percent stake would be a vote of confidence.

[Kazakh Government Ready to Cancel Kashagan Deal](#)

Kazakhstan's Energy and Natural Resources Ministry is examining the possibility of severing the North Caspian project production-sharing agreement (PSA) with the international Agip KCO consortium led by Eni SpA.

[Underwater oil discovery to transform Brazil into a major exporter](#)

While some of the world's largest oil producers, including Mexico and Iran, are struggling to remain exporters, Brazil is moving in the opposite direction. A huge underwater oil field discovered late last year has the potential to transform South America's largest country into a sizable exporter and win it a seat at the table of the world's oil cartel.

The new oil, along with refining projects under way by Petrobras, the national oil company, could eventually make Brazil a larger exporter of gasoline as well, adding to supplies in the United States and other countries where it is all but impossible to build new refineries.

[Don't Worry The Price Per Barrel Is \\$100!](#)

What that suggests also is there is a new hardnosed approach to development dominated not just by higher oil prices but higher prices generally that states are prepared to live with regardless of the social damage it may create in different parts of the world because it is not simply a question of supply-and-demand as there is no global shortage of oil that is leading to higher prices.

[Nigerian Group MEND Raises Alarms with Tanker Blast](#)

The attack signals a sharp escalation in violence against the energy industry in Nigeria by the Movement for the Emancipation of the Niger Delta, which has waged a two-year campaign in Nigeria's crude-producing region to rest more control of the area's oil resources.

MEND's claim, if true, that it got help from militants working for oil companies and from Nigeria's military and secret service would raise a huge problem for companies like Royal Dutch Shell PLC (RDSB.LN), Exxon Mobil Corp. (XOM) and other firms in operating in Nigeria, the world's 11th biggest oil producer. MEND made its claims to the media in a statement.

[China defends economic ties to Sudan, says development is key to achieving Darfur peace](#)

A Chinese special envoy described the true cause of conflict in Darfur as internal competition over resources, saying Thursday that activists should not try to shame Beijing into dropping its support for a Sudanese government accused of carrying out genocide.

[Good, not so bad news from Iraq oil](#)

Iraq ended a deadly year by steadily increasing oil production, but about \$1.4 billion in revenue was taken by the still booming black market.

Around 21.5 million barrels of oil were reported pumped but not accounted for in exports, storage facilities or refineries, according to the global energy information firm Platts.

[Toward A Post-Oil Community](#)

There are some puzzling aspects to the fact that it is hard to put together a cohesive group in terms of dealing with future issues. While politicians, business leaders, and the news media all have coherent, cohesive social groupings, the sort of people who intend to navigate the Dark Ages are scattered to the four winds. Obviously something more is needed, some concept of community, even if "doomers" can be as factional as Marxists.

Yet we should not despair about the apparent lack of control. In the fifth century it was the Romans who were disciplined and organized, but it was the barbarians who won. The Internet was purposely designed as a decentralized network that could withstand nuclear attack. Today's highly centralized cities can be defeated by a half a dozen terrorists. Decentralization will allow future communities to survive.

[3-wheeled Aptera aspires to car-pool lane](#)

The Aptera, with a range of 190 miles between charges, is intended to sell for around \$30,000.

It's an example of how high gas prices are encouraging entrepreneurs to give the car business a try. From electric high-performance roadsters to low-speed runabouts, start-ups are trying to take advantage of interest in alternative technologies.

[Russia Environment Watchdog Head Resigns](#)

The head of Russia's environmental regulating agency, Sergey Sai, has tendered his resignation, a person close to the government said Friday.

...Sai's possible resignation opens the way for his deputy Oleg Mitvol, a man known for his repeated regulatory threats against foreign resource companies.

[N.H.: Pushes Adoption of Energy Policy](#)

New Hampshire's political leaders are getting behind a 10-state regional effort to cut greenhouse gas emissions to preserve the state's climate and way of life.

Gov. John Lynch told a House committee Thursday that New Hampshire will benefit

environmentally and economically if it approves the Regional Greenhouse Gas Initiative known as RGGI.

[The Pros and Cons of 8 Green Fuels](#)

After years of talk, rising oil prices—combined with global-warming concerns and a disdain for foreign oil—have finally set the stage for breakthroughs in alternative fuels. To see how the hottest new technologies stack up, click on each fuel for a rundown of its attributes and flaws, or click on the topics on the left to see how various fuels compare.

[Challenging the myths of energy security](#)

The global oil market is not falling apart. Despite the move towards greater government control, oil is still traded in a globally integrated, highly liquid market. Accessing this market requires no diplomatic or military capacity. The world economy does face a mid-term risk of liquid fuel scarcity and a short-term risk of oil supply disruption, but there is nothing we are ill-equipped to deal with. The answer to the first is higher taxes on oil, tougher fuel-economy standards and increased spending on alternative technologies. As for the higher risk of supply disruption, a new wave of investment is needed in emergency storage, a move the US has already embarked on.

[Expose on New ‘Cold War’ over Resources](#)

A new book, “The New Cold War: The Battle for Natural Resources” (“Der neue Kalte Krieg. Kampf um die Rohstoffe” in German) speaks of a new global conflict over energy resources.

The authors, who are reporters at Germany’s leading weekly magazine Der Spiegel, say energy superpowers use underdeveloped countries as proxies, letting them fight under their influence to the latter’s detriment. Energy superpowers are not countries with abundant resources, but those that can decide energy supplies. Underdeveloped countries with rich resources do not benefit from their resources, as their corrupt authoritarian governments collude with powerful countries and allow their people to starve.

The authors call this “the curse of natural resources.”

[Uzbek Gas Hike Leaves Neighbours In The Cold](#)

The economies of Central Asia’s two poorest states are reeling after Uzbekistan raises the price of gas again.

[Pakistan: PM urges people to participate in energy conservation efforts](#)

Caretaker Prime Minister Mohammedmian Soomro has appealed to the nation to participate in national energy conservation efforts to help confront the challenge of energy shortage.

It is the need of the hour, as we have to share national resources justly and keep up the pace of economic progress, he told a meeting he chaired to review the energy situation in Pakistan and examine measures for the conservation of electricity, gas and fuel.

[UK: Average family faces £500 fuel surcharge for long-haul holidays](#)

Families flying abroad face paying a fuel surcharge of more than £500 as airlines hike their prices again.

The latest increases are the result of rocketing oil prices and a chronic shortage of aviation fuel.

[Keep your utilities from getting disconnected](#)

Mainers who find it hard to make ends meet have new protections from disconnection of lights and electric heat this winter, according to state Rep. George Hogan (D -Old Orchard Beach).

"Many of us have read reports of the hardships families are facing in the wake of both record oil prices and an early start to winter weather," said Hogan. "These new rules will help to make sure people aren't put into a dangerous situation."

[Assistance program overbooked as fuel prices soar](#)

Penquis is receiving urgent calls from people who have run out of oil and do not have money to buy more.

"What we're finding, too, especially for the emergency money, is that a lot of the people we've served this month are people who have already received their fuel assistance [LIHEAP] money and have gone through it," Giosia said.

[UK: Energy solution is in the balance](#)

Britain has a major energy crisis looming and tough decisions are needed that balance

cost and supply with environmental considerations.

[Energy panel changes tune on mandatory control of energy](#)

In an about-face, the California Energy Commission plans to give customers final control over the energy-saving thermostats that are to be required in new homes, Claudia Chandler, the commission's assistant executive director, said Friday.

[Can The Internet Save The Planet?](#)

Solar arrays and wind farms grab all the green technology attention, but the Internet is quietly providing ways to save energy.

[Rising development costs push up oil futures curve](#)

NEW YORK (Reuters) - Rising costs for oil companies are driving up prices for crude oil futures through 2016, keeping supplies struggling to match growing oil demand outside the United States.

..."The hopes for a flood of supply in the next several years appear unlikely to happen, particularly when looking at rising demand from the emerging-market economies," said John Kilduff, senior vice president of MF Global.

[Factoring in \\$100 oil](#)

A barrel of oil costs nearly \$100 after trading for little more than half that price early last year. Profits in the energy industry are soaring, right?

Not at all. The best guess of analysts studied by Thomson Financial is that earnings for U.S. energy companies grew by just 6 percent last year. Estimates for companies elsewhere are harder to find, but Citigroup, citing external sources, expects 5 percent earnings growth for 2007 for the sector globally.

[Economist Predicts \\$150 Oil: Political Peak Oil Setting In?](#)

Rubin argues that costly delays will continue to mark the development of newly tapped oil reserves, like oil sands, oil shale and new deep-water deposits. He argues that violence is likely to disrupt supply, or spark fears enough to drive up the cost. And he argues that extreme weather will interrupt the flow of oil from important regions.

In other words, a combination of scenarios that a Peak Oil analyst would embrace –

namely, moving toward reserves that are expensive to exploit because the cheap and easy crude is being depleted – and confounding political and environment circumstances that upset the flow of the remaining cheap stuff. We call that political peak oil. Rubin, it should be noted, embraces the peak oil theory, and believes we've already hit the peak.

[Air conditioner census to combat power cuts in Argentina](#)

The government announced an air conditioner census, house by house, since record sales have been blamed for part of the problem.

Basically the voluntary program calls for changing the traditional light bulbs for the low consumption units, moderating the use of air conditioners and restrictions to street and roads illumination, all of which theoretically should help the county save between 8 and 14% electricity consumption.

[Energy crisis in Dagestan leads to road-blocking](#)

APA cited Russian sources as saying protesters blocked major roads on Shamil Avenue, demanding electricity and water.

They called for resignation of Dagestan President, Makhachgala Mayor and prosecutor general. Police and special troops have been sent to protest sites.

[UK's coal output falls to pre-industrial levels](#)

Coal production in Britain has fallen to its lowest level since the industrial revolution, according to data from the Office for National Statistics.

The ONS's index of production showed that the coal industry recorded its worst ever reading in October, at 42.9 (with 2003 representing the base index level of 100). Annual production is set to fall below 15 million tonnes, a level last seen 200 years ago. Production peaked in 1913 at 287 million tons. The ONS said that UK electricity generators have been turning to coal as the price of natural gas has climbed even more steeply, but that demand has been met by imports from Russia, Australia and elsewhere. Foreign coal accounts for two thirds of UK consumption.

[What's the role for coal in Iowa?](#)

Harvesting every cornstalk from the approximately 280,000 acres of corn in Marshall and Black Hawk County would supply only a very small percentage of the feedstock for these plants. That's a huge pile of cornstalks with relative little energy value. What

about transportation and storage costs? What about the loss of soil fertility, reduced crop productivity and increased soil erosion? If corn-stalk residue is a viable energy source, the conversion will most likely be at the farm or local level, not at a monstrous power plant.

[See this 42-page peak oil analysis – Wow!](#)

Chris Skrebowski, Trustee of the Oil Depletion Analysis Centre and Editor of Petroleum Review, Energy Institute, London, has written a 42-page peak oil analysis entitled [“Megaprojects update: Just how close to Peak Oil are we?”](#) [PDF]

Much of the arguments are similar to those presented by Matt Simmons, founder and chairman of the world's largest energy investment banking company, Simmons & Co. International (see interview on RI). But some of the charts, like the one below, show some interesting numbers.

(This is Chris' presentation from the ASPO conference in Houston.)

[High oil prices? You ain't seen nothing yet](#)

“Sadly, the United States of America, the world’s most advanced economy, has no fuel gauge of any sort to indicate when our useable spare supply of crude oil and (refined) products is nearing empty. And the stock data of the USA is the best published oil data of any country,” Simmons said.

“None of this would be alarming if ‘peak oil’ was decades away. But, this is a fool’s dream.”

[Nigerian fuel tanker blast kills at least 30](#)

PORT HARCOURT, Nigeria (AFP) - At least 30 people were killed and shops and vehicles destroyed Saturday when a fuel tanker exploded in Port Harcourt, the hub of Nigeria's multi-billion-dollar oil industry and a target of attacks by militants.

[Nigeria: Oil Splits Two Ijaw Communities](#)

In the beginning prior to the sixties, the people of Odimodi and Ogulagha communities, both oil-rich Ijaw towns in Burutu local government area of Delta state banqueted together. Their young men and women walked down the aisle, they shared the same cultural heritage and time-honored values.

That was before the coming of oil, but, since 1968, 40 years to be specific, when oil companies, starting with the Shell Petroleum Development Company (SPDC) stepped

into their shores with the establishment of the Forcados Terminal and other facilities, as well as the Nigeria Agip Oil Company (NAOC) with its flow station and other installations, the five-letter word, peace, had fled from the two communities. It has been claims and counter claims, squabbles, hostilities and bloodshed. For Odimodi, which, in Ijaw language, means pond of fishes, it has been nothing but pond of troubles.

[Russia LUKOIL sees net profit rising 7 pct in 2007](#)

Russia's second largest oil producer LUKOIL expects its net profit to reach \$8 billion in 2007, a 7 percent rise from the previous year, the company's chief executive Vagit Alekperov said on Saturday.

[Iranians urged to conserve gas despite cold snap](#)

"The second wave of cold weather has arrived, there is a desperate need to consume less natural gas," Oil Minister Gholamhossein Nozari said on state television.

The minister said gas production had risen to a record level of 460 million cubic metres per day, up from around 450 million cubic metres, the figure cited by an official in recent days.

[China imports record 163 mln tons of crude oil in 2007](#)

China's crude oil imports rose 12.4 percent in 2007 over the previous year to a new record of 163.17 million tonnes, according to customs figure.

Crude oil imports for 2006 was 138.8 million tonnes, representing an increase of 16.9 percent from the previous year. The exports, however, fell 38.7 percent year-on-year to 3.89 million tonnes last year, according to the General Administration of Customs.

[Venezuelan oil reserves will be world's largest by 2009](#)

Venezuelan President Hugo Chavez has said that by the end of 2009, the country will have 313 billion barrels of certified oil reserves, the largest in the world, Spanish news agency EFE reported on Saturday.

Chavez told lawmakers on Friday that the country's oil reserves stand at 100 billion barrels, including 20 billion "certified in the last two years through a strict international process".

[Saudi cannot be launchpad for Iran attack](#)

A leading Saudi newspaper on Saturday ruled out any attempt by the United States to use the oil-rich Gulf kingdom as a launchpad for a possible war on Iran over Teheran's disputed nuclear programme.

Two days before a visit to Saudi Arabia by US President George W. Bush, the pro-government daily Al Riyadh said: 'We refuse to be used to launch wars or tensions with Iran.'

[California Seeks Thermostat Control](#)

SAN FRANCISCO — The conceit in the 1960s show "The Outer Limits" was that outside forces had taken control of your television set.

Next year in California, state regulators are likely to have the emergency power to control individual thermostats, sending temperatures up or down through a radio-controlled device that will be required in new or substantially modified houses and buildings to manage electricity shortages.

[Thai government to import palm oil](#)

Thailand plans to import 60,000 tons of palm oil this month, either from Malaysia or Indonesia, to ease a domestic shortage of the commodity, which is used both for cooking oil and as bio-fuel, news reports said Saturday.

Yangyong Phuangrach, director-general of the Internal Trade Department, said the imports were necessary as a short-term measure to ease a domestic shortage, The Nation newspaper reported.

[Scientists to discuss how global warming affects diseases](#)

Global warming in Europe could mean a host of potentially fatal diseases become more prevalent, a leading scientist warned Friday ahead of a major conference on the subject.

[ADB to help SE Asia find ways to cut greenhouse gases](#)

The Asian Development Bank said Friday it will conduct a yearlong study on what six Southeast Asian countries can do to cut their greenhouse gas emissions.

The 900,000 dollar study, funded by Britain, will estimate the costs of reducing the emissions and look at ways Indonesia, Malaysia, the Philippines, Singapore, Thailand

and Vietnam can work together to mitigate the impact of climate change, the Manila-based bank said in a statement.

[Science chief: greens hurting climate fight](#)

The scientist credited as being the first to convince Tony Blair of the urgency of the climate crisis has accused green activists of being Luddites who risk setting back the fight against global warming.

In an interview with the Guardian today Sir David King, who stepped down last month after seven years as the government's chief scientific adviser, says any approach that does not focus on technological solutions to climate change - including nuclear power - is one of "utter hopelessness".



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