



## DrumBeat: January 15, 2008

Posted by [Leanan](#) on January 15, 2008 - 9:53am

Topic: [Miscellaneous](#)

### [Experts say production only one factor in rising oil prices](#)

Would oil prices really fall if Saudi Arabia and other OPEC countries raised their production as President George W. Bush proposed Tuesday? Some questions and answers about prices at the pump:

Q: Saudi Arabia has the world's largest oil reserves. But how much can it really ramp up production in the short-term?

A: Analysts say Saudi Arabia has the capability to boost production by up to nearly 2 million barrels per day, although the Saudis are leery of a major increase. Although a production increase would likely reduce prices in the short run, there are other factors driving up prices — including increased demand in booming economies such as China and India.

### [Oil and the polar bear](#)

Although Congress and the courts have largely frustrated the Bush administration's efforts to open up Alaska to oil and gas drilling, Vice President Dick Cheney and his industry friends remain determined to lock up as many oil and gas leases as they can before the door hits them on the way out. They are certainly not going to let the struggling polar bear stand in their way.

### [Shell to leave oil export terminal in Niger Delta shut](#)

Despite oil prices hovering above 90 dollars a barrel, Anglo-Dutch oil giant Shell declared in Lagos, south-west Nigeria Tuesday that its Forcados oil export terminal will remain shut.

Shell declared a 'Force Majeure' on the export facility on January 11, following the vandalism of two of its pipelines which carry crude oil to the offshore facility for export.

Force Majeure allows an oil company to suspend contractual obligations to clients following unforeseen or uncontrollable events without incurring penalties.

### [Iran, Gazprom agree to expand oil and gas cooperation](#)

Russian energy giant Gazprom is planning to offer Tehran new prospects of oil and gas cooperation, Iran's oil minister said on Tuesday.

### [Brazil's Lula offers Cuba oil know-how and credit](#)

Brazilian President Luiz Inacio Lula da Silva offered Cuba lots of credit and commitment to help explore for oil in the Gulf of Mexico on Tuesday.

### [Oilfield service companies due for tough quarter](#)

Oilfield service companies, including bellwether Schlumberger Ltd, must work harder to deliver on the bottom line in the fourth quarter due to a slowdown in North America and weather disruptions in markets such as the North Sea.

In the long haul, booming demand and tight supplies mean profit growth for most companies that help energy firms drill for and produce oil and natural gas, but the near term may be bumpy as expectations are ratcheted down after years of heady profit and revenue growth.

### [OPEC's Total Crude Oil Output Rose to 32 Million Barrels Per Day in December, Platts Survey Shows](#)

The members of the Organization of Petroleum Exporting Countries (OPEC) produced an average 32.03 million barrels per day (b/d) of crude oil in December, according to a Platts survey of OPEC and oil industry officials January 14. This is up from November's rate of 31.65 million b/d.

Production from OPEC's ten members bound by crude output agreements averaged 27.43 million b/d in December, the survey showed. This is 460,000 b/d more than in November and 177,000 b/d higher than the group's 27.253 million b/d target which came into effect at the beginning of November.

"The increase in supply is certainly welcome to this market," said John Kingston, Platts Global Director of Oil. "It appears the group's on track to meet its January target, which is nearly 29.7 million barrels per day for 11 of the members, excluding Iraq."

### [Alberta crude may be too dirty, U.S. law says](#)

Alberta's oil sands are taking a hit from new U.S. energy legislation passed last month

that has an unusual wrinkle suggesting that Canadian crude might be too dirty for the U.S. government.

The legislation won't allow any U.S. federal agencies to buy vehicle fuel derived from non-conventional sources unless the life cycle of its greenhouse-gas emissions is the same or less than that of conventional petroleum.

### [French Fin Min Says Crude Has Led Inflation, Eyes Oil Cos](#)

French inflation, which rose 2.6% on the year in December according to the country's statistics office, was largely driven by oil prices, Finance Minister Christine Lagarde said Tuesday, who promised to keep a close eye on a price pledge by oil companies.

### [Attackers bomb Nigerian port official's vehicle, killing driver](#)

The driver had just dropped off the regional port director, Sotoye Itomi, when assailants threw an as-yet unidentified device into the vehicle late Monday, said a Rivers State police spokeswoman, Ireju Barasua. The driver died in the blast and a police guard was injured, she said.

Itomi had in recent days publicly disputed assertions by the region's main militant group that it had remotely detonated a bomb onboard a ship docked in the area.

### [Kurds' Kirkuk demands raised after rebuff](#)

A top Iraqi Kurdish leader says oil-rich Kirkuk's fate will be decided in a vote, a day after a coalition of Sunni and Shiite Arabs united against Kurd plans.

"There is no turning back," Massoud Barzani, president of the Kurdistan Regional Government, told the Los Angeles Times. "The referendum must be conducted in the next six months."

### [Russian Oil Takes On A Refined Look](#)

Russian oil producer West Siberian has agreed to buy refiner Alliance Oil, as part of a Kremlin push to move Russia away from being a natural resources exporter, to a supplier of refined products.

### [UT, Rice to work with oil firms to boost production](#)

The University of Texas at Austin and Rice University will work with oil companies to research injecting tiny sensors into old oil wells to understand how to extract more petroleum.

The University's Bureau of Economic Geology said in a press release Tuesday it will manage the Advanced Energy Consortium in Houston to fund research projects on using nanotechnology to boost oil and natural gas production.

### [Analysis: Biofuels law attracts opposition](#)

A major energy bill signed last month by President Bush could decrease domestic oil consumption by increasing biofuels, but opposition to the new law has come hard and fast from an unusual source: environmentalists.

### [The Growing Power of Petro-Islam: In Saudi Arabia, Bush encounters a force more powerful than democracy](#)

None of this would have happened had it not been for the petro-dollar. The Saudis would have stayed obscure Bedouins and Wahhabism little more than a cult. But because of their oil wealth, the Saudis were able to spread Wahhabism's seed worldwide, making it far more mainstream than it would have been otherwise. As one Egyptian intellectual described it to me, "It's as if Jimmy Swaggart had come into hundreds of billions of dollars and taken over most of Christianity."

### [Opec's resistance to increasing production could hurt in the long run](#)

January isn't even halfway finished, and already change is in the wind.

At the massive North American International Auto Show in Detroit, which opened to the press this week, there is a definite shift away from the gas guzzlers that roam US highways towards vehicles that use alternative fuels. At every turn, there are hybrids, new forms of diesels and other environmentally conscious vehicles.

### [Brazil: Land Shortage Provokes Murders of Indigenous People](#)

In economic terms, large investments are being made to expand sugarcane cultivation amidst a surge in ethanol production as a gasoline substitute. This has resulted in a monoculture and a hike in the price of land, which is becoming the object of more intense and aggressive disputes, Heck said.

Politically, local governments are completely "aligned with the interests of agribusiness," according to Heck.

The reality of their surroundings is worsening the future prospects for indigenous people's lives, "unleashing internal violence in the villages," he said.

### [Europe May Ban Imports of Some Biofuel Crops](#)

In a sign of growing concern about the impact of supposedly "green" policies, European Union officials will propose a ban on imports of certain biofuels, according to a draft law to be unveiled next week.

If approved by European governments, the law would prohibit the importation of fuels derived from crops grown on certain kinds of land — including forests, wetlands or grasslands — into the 27-nation bloc.

### [Thailand: Cooking palm oil prices may be capped](#)

The Commerce Ministry yesterday threatened to set a ceiling for retail prices of cooking palm oil if it found traders were hoarding the product.

Siripol Yodmuangcharoen, the ministry's permanent secretary, said authorities were considering setting a retail price ceiling for cooking palm oil, similar to the cap on sugar prices, if the shortage eventually hits consumers.

### [Slow Money Revolution: the global growth of local currencies](#)

But there is a way to short-circuiting mainstream banking and get more oomph out of our wallets. Using local, or complementary currencies is a way of promoting local businesses, rebuilding community, and promoting relocalisation. You may already be using complementary currencies without realising it in the form of airmiles and supermarket loyalty points. But there is much more to them.

These currencies have been gaining momentum over the last 15 to 20 years: from Bali, where they have had a dual currency for centuries; to Curitiba, in Brazil, where pre-sorted rubbish earns you bus tokens. There is even an electronic currency in Japan called 'Love' accrued through doing social welfare activities. Over 4,000 communities worldwide use them according to Lietaer. Local currencies are part of the Slow Money Movement because they are physical money and require face-to-face contact to use, which slows down the speed that the money circulates. They complement rather than compete with national currencies and could not replace them.

### [Tiny Car, Tough Questions](#)

If you haven't done so already, meet the Nano, possibly the most significant new car of the decade: Small, cute and snub-nosed, it fits four people and a duffel bag, has a single windshield wiper, travels at 65 mph -- and it's all yours for the princely sum of \$2,500, roughly the same price as the DVD system in your neighbor's Lexus and about half the price of the cheapest cars on the market.

Even better, at least for the philosophically minded, the Nano comes with its own moral conundrum: What happens when the laudable, currently fashionable movement to improve the environment comes directly into conflict with the equally laudable, equally fashionable movement to improve the lives of the poor?

### [Grow your own way: How to join the allotment in-crowd](#)

The plot is thickening as more people, of all ages, cultivate their own cabbages to fight global warming.

### [British birds face potential eco-disaster](#)

Familiar British bird species will be driven hundreds of miles further north by the end of the century because of the "potentially disastrous" impact of global warming, according to a new book.

### [Another Production Record: Petrobras Lifts 2 Million bbl Christmas Day](#)

Petrobras' oil production in Brazil, in December, was 1,854,748 barrels per day, 5.3% more than in November, 1,760,598 barrels per day. The 94,000-barrel-per-day surge was achieved as a result of platform P-54 and new wells at platforms P-52 and FPSO Cidade de Vitoria going online. The P-54 and the P-52 are in the Roncador field, in the Rio de Janeiro Sea, while the FPSO Cidade de Vitoria, in the Golfinho field, off the Espirito Santo coast.

On December 25 2007, the company set another production record, when it lifted 2,000,238 barrels, 87,500 barrels more than the previous record which had been set on October 23 2006. The average oil production in domestic fields in 2007 was 1,792,000 barrels/day, 0.7% more than a year ago, when 1,778,000 barrels/day were produced.

### [Fuel scarcity persists in Uganda](#)

A number of filling stations The New Vision visited around Kampala and the suburbs had run out of diesel, paraffin and petrol yesterday. These included Shell, Total, Gapco, Kobil, PetroCity and Caltex stations.

...John Matovu, Chevron-Uganda country chairman, said tankers had delivered fuel

from Kenya on Thursday and Friday. He attributed the shortage to panic buying. "Consumers who never used to fill their tanks are filling them now. The shortage is due to the less than satisfactory supply", he said.

### [China: Energy demand may decrease as economy slows](#)

China's economic growth may start to slow in the second quarter this year, leading to a decrease in energy demand. As a result Chinese energy companies should keep a close eye on the market to maintain a stable energy supply, an official from the national energy watchdog said in an interview with China Daily.

### [India: Left opposes hike in petroleum product prices](#)

The Left on Monday opposed any increase in fuel prices and asked the government to remove the ad valorem surcharges on petroleum products.

"There is no question of imposing additional burden on the people till the ad valorem surcharges on the petroleum product is removed," CPI politburo member Sitaram Yechury told media.

### [Court Action Puts MMS 'In Holding Pattern' on Royalty Disputes](#)

Interior Department efforts to address flawed late 1990s Gulf of Mexico oil and gas leases are on hold pending the outcome of litigation over the government's power to compel royalty payments from deepwater producers, the director of the Minerals Management Service said in a recent interview.

### [Fillon: France to privatise port handling activities](#)

"First of all, we need to transfer the handling activities done by the ports to private operators," he said.

Staff at Marseille's Port Autonome (PAM), which houses the 115,000 barrels-per-day Fos-Lavera oil hub, have held several strikes in the last couple of years, causing disruption to refining and other port activities.

One 18-day strike last year at the terminal threatened to shut down some French refineries and cause a fuel shortage in south-eastern France.

### [Panel: Increase gas tax to fix roadways](#)

A special commission is urging the government to raise federal gasoline taxes by as much as 40 cents per gallon over five years as part of a sweeping overhaul designed to ease traffic congestion and repair the nation's decaying bridges and roads.

The two-year study being released Tuesday by the National Surface Transportation Policy and Revenue Study Commission, the first to recommend broad changes after the devastating bridge collapse in Minnesota last August, warns that urgent action is needed to avoid future disasters.

Under the recommendation, the current tax of 18.4 cents per gallon for unleaded gasoline would be increased annually for five years -- by anywhere from 5 cents to 8 cents each year -- and then indexed to inflation afterward to help fix the infrastructure, expand public transit and highways as well as broaden railway and rural access, according to persons with direct knowledge of the report, who spoke to The Associated Press on condition of anonymity because the report is not yet public.

#### [India: Govt sees \\$150+ oil, price hike on Jan 17th](#)

The government estimates international oil prices will cross the \$150 per barrel by next year, Union petroleum secretary M S Srinivasan said here on Monday highlighting concern on the scenario.

#### [Nepal: Low on fuel again](#)

A sharp rise in import prices and the government's slow action towards addressing oil losses have brought on another fuel shortage. This time it is diesel that is running low, not petrol.

#### [If it's broken, blame Musharraf; most do](#)

ISLAMABAD, Pakistan - For much of the last month, making a successful withdrawal at the National Savings bank has required a certain amount of luck.

For half an hour at a time, four random times a day, the bank's power is cut off as part of a series of rolling blackouts spurred by a countrywide electricity shortage. When the power dies, so do the lights and access to computerized banking records.

#### [China's coal imports surge 34% in 2007](#)

An official statement issued in China, the world's biggest user and producer of coal, said that the nation has increased purchases of the fuel from overseas by 34 percent



### [Southern China Shuts Power Capacity on Coal Shortage](#)

China has shut down more than 6 percent of the power generating capacity in its southern provinces because of a coal shortage, with the region bracing for the worst electricity shortage in at least five years.

...China burns coal to generate about 78 percent of its electricity. The nation became a net importer of coal for the first time in January last year and consumption has outpaced gains in output from Australia and Indonesia. Rising coal prices and domestic transportation bottlenecks have contributed to a lack of the fuel, Xiao said.

### [China has no plan to link up oil prices with international market, NDRC official](#)

Chinese government will not liberalize oil prices in the short term fearing that the price rise would fuel already-high inflation, said Dr. Jiang Xinmin with Energy Research Institute under the National Development and Reform Commission (NDRC).

"NDRC will not raise oil products price at one blow, but will follow a step-by-step way to raise the price while reinforcing subsidies to low-income group," Jiang said.

### [Argentina cuts local energy supply, bans exports](#)

Argentina's President Cristina Fernandez de Kirchner has blamed global warming for current energy cuts and export controls her government is imposing following a heat wave last week.

"These major changes in temperature haven't come out of nowhere, they have a direct link to the environment" said Fernandez, whose husband, former President Nestor Kirchner, has been blamed by critics for his failure to address the problem of supply.

### [Analyze this: How to turn the heat up \(or down\) on Iran without blowing hot air](#)

Despite Ahmadinejad's recent bluster over the incident in the Gulf between Iran gunships and US naval vessels, the gas crisis in Iran's north is a sign of the underlying economic weakness of his regime. How ironic also that Israel, with almost no natural oil or gas reserves of its own, is able to supply its own citizens with heating fuel, even if it's at a relatively high price.

### [Don't let NSP control program: Opponents](#)

Nova Scotia Power Inc. wants to charge its customers millions of dollars so it can help them conserve energy. Large industrial users, environmentalists and the province's

consumer advocate say a demand-side management program is needed in Nova Scotia, but it has to be taken out of the utility's hands.

### [Sea of grasses could yield biofuels to power tomorrow](#)

The tall grasses make a swishing sound as they bend in the breeze over a 2-acre plot of black muck in the heart of South Florida's Glades growing region.

But they're not everyday plants. These grasses - sugar cane hybrids, elephant grass and giant reed among them - could be part of the solution to the nation's energy crisis.

### [Wind power gains steam](#)

Monday was a good day for the wind power business, with GE announcing a \$300 million investment in Houston-based Horizon Wind and a disputed project off Cape Cod, Mass., clearing another regulatory hurdle.

### [Bush to OPEC: Increase oil output](#)

RIYADH, Saudi Arabia (AP) — President Bush urged OPEC nations on Tuesday to put more oil on the world market and warned that soaring prices could cause an economic slowdown in the United States.

"High energy prices can damage consuming economies," the president told a small group of reporters traveling with him in the Mideast.

"It's affected our families. Paying more for gasoline hurts some of the American families, and I'll make that clear to him," said Bush, heading into more talks with Saudi King Abdullah.

### [Saudi oil minister rebuffs White House](#)

Saudi Arabia will raise oil production only when the market justifies it, the kingdom's oil minister said Tuesday, in response to President Bush's request that OPEC nations increase output to reduce world oil prices.

"Our interest is to keep oil supplies matching demand with minimum volatility in the oil market," Oil Minister Ali Naimi Naimi told reporters. "We will raise production when the market justifies it. This is our policy."

### [Fire breaks out in Iraqi refinery](#)

A huge fire broke out early Tuesday in Al-Shaiba, one of Iraq's largest oil refinery located west of Basra, Iraqi Oil Ministry said.

### [Iraq blames coalition helicopter for refinery fire](#)

Iraq said a helicopter from the U.S.-led coalition caused a blaze on Tuesday that shut the major Shuaiba refinery near the southern oil hub of Basra.

A spokesman for the British military denied any coalition helicopters had been involved in the incident, which took place around dawn.

A source at the state-run Southern Oil Company, who spoke on condition of anonymity, said the refinery had been closed as a precautionary measure "until further notice" after the fire damaged the gas and fuel production units.

### [Global Oil shortage is looming large...](#)

A multitude of world issues are converging and manifest themselves around future fossil fuel, energy resources, carbon dioxide, oxygen depletion, including water and mineral depletion. All combined alternative energy sources have limited energy potential to fulfill the needs of an existing and expanding world population.

The only energy alternative is Hydrogen Regeneration. The oceans contain 11% hydrogen. Hydrogen cannot be consumed or used up, and therefore hydrogen can be reprocessed.

### [Ambiguity persists over gas supplies from Iran](#)

Tehran has not started pumping natural gas yet. Officials say there is no problem for the time being given the normal flow of gas from Russia but add negotiations are underway to buy more LNG as a precaution.

### [Mexico's PRI Backs Private Investment in Oil Industry](#)

Mexico's largest opposition party will back a yet-to-be-disclosed plan for opening the state oil monopoly to outside investment in deep-water drilling and exploration as well as in pipelines and refining.

The Institutional Revolutionary Party will support President Felipe Calderon's goal of allowing outside investment in some areas of the country's oil business, easing a 69-year-old policy of exclusive state control to help reverse the country's declining output, Senator Rogelio Rueda said.

### [Kuwait firms plan \\$10 bln Philippines investments](#)

Kuwaiti firms including logistics provider Agility plan to invest more than \$10 billion in infrastructure projects in the Philippines, the company leading the group said on Tuesday.

The firms and one non-Kuwaiti company plan to develop airports, ports, railways, power stations and telecommunications in the Southeast Asian state, Kuwait investment firm Al-Abraj Holding Co said in a statement on the Kuwait bourse Web site.

### [Homer-Dixon to leave U of T for Balsillie centre](#)

Professor and best-selling author Thomas Homer-Dixon plans to leave the University of Toronto to take a post at the new Balsillie School of International Affairs this summer - the first high-profile appointment for the fledgling Ontario centre created last year with the support of high-tech entrepreneur Jim Balsillie.

"He is exactly the kind of senior scholar we are looking for," said Ken Coates, dean of arts at the University of Waterloo, which runs the new Waterloo school in partnership with Wilfrid Laurier University. "He is wonderfully enthusiastic about what it is we are all about here."

### [Big Push Against Warming](#)

With an urgency — and a sense of irreverence — reminiscent of the anti-war movement of the 1960s, a group of activists from Portland, Ore., has recruited students at more than 1,000 college campuses, K-12 schools, civic organizations, church groups and private companies to conduct a massive "teach-in" on global warming Jan. 31.

### [The storied Mediterranean faces climate change](#)

From ancient Egypt to Rome, the fertile Mediterranean has sustained great empires for millennia. But modern development is rapidly turning the cradle of Western civilization into a dry and inhospitable place, its coasts covered in hotels and many of its unique species driven to extinction.

In the past 30 years, coastal populations have grown some 50 percent. Coastal cities have doubled. Tourism has exploded: By 2025, 312 million tourists will visit each year. Water usage is twice that of 1950. More than 100 species are endangered.

Now, climate change is exacerbating the situation.

## [In warming Mediterranean, a model of energy-efficient building](#)

A new breed of architects and engineers is beginning to tackle energy usage in buildings by adopting a variety of techniques that can dramatically reduce or even eliminate energy consumption in offices and homes, especially for heating and cooling. In the sunny, hot Mediterranean region, electricity use for air conditioning is already surging and climate models predict that even more energy will be required in the future to keep people cool. But smarter, more energy efficient buildings could be part of the answer.



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