



## DrumBeat: January 16, 2008

Posted by [Leanan](#) on January 16, 2008 - 9:50am

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### [World oil demand to peak before supply - BP](#)

World oil production may peak in the coming years, but it will be because of a decline in demand for petroleum not a lack of supply, a BP economist said on Wednesday.

"I believe there is a realistic possibility that world oil production will peak within the next generation as a result of peaking demand," Peter Davies, BP's Special Economic Advisor, told a meeting at parliament of a group of lawmakers formed to study peak oil.

### [More Oil, Please?](#)

It may have been a consummate effort to extract blood from a turnip. That, at least, is my assessment of President Bush's recent hat-in-hand request that OPEC pump more oil.

### [France takes on strategic role in key Gulf oil route](#)

France's first permanent military base since the end of the colonial era gives it a strategic role in the Strait of Hormuz bordering Iran, the main supply route for world oil.

France and the United Arab Emirates signed an accord during a visit by President Nicolas Sarkozy Tuesday, which calls for Paris to set up a military base in Abu Dhabi, the wealthiest and largest of the UAE's seven emirates.

### [IEA blames falling stock levels for \\$100 oil](#)

The International Energy Agency attributed recent record oil prices above 100 dollars per barrel to tensions in the market caused by falling stock levels in top consuming countries.

"The most recent rise would appear the easiest to explain: OECD stocks have been falling since July 2007, reflecting a tightening physical market," the organisation said in

its monthly oil report.

..."Total OECD oil inventories are now below five-year average levels," the IEA report said.

This would appear to be at odds with oil export cartel OPEC whose secretary general, Abdullah al-Badri, told AFP on Wednesday that the market was adequately supplied and that OECD stocks were within their five-year averages.

### [OPEC: no oil shortage; investors abandoning US dollar](#)

OPEC Secretary General said that current oil prices do not reflect the market fundamentals of supply and demand, blaming instead persistent geopolitical unrest, the weakness of the dollar, outages in the US refining system and the growing role of speculators.

These investors, he said, having turned away from the depressed US real estate and financial markets, have increased volatility in the oil market and pushed prices to an artificially high level, which is not justified by the underlying fundamentals of the market.

### [Oil below \\$90 on surprise supply increase](#)

Oil prices fell sharply Wednesday after the government reported a surprise increase in crude supplies.

U.S. light crude for February delivery fell \$2.20 to \$89.62 a barrel on the New York Mercantile Exchange. Oil had traded down \$1.21 prior to the report's release.

### [Argentina government OKs renewed fuel exports for all but Shell](#)

The Argentine government will allow three of the nation's four top fuel retailers to continue to export fuels after they rolled back pump prices to October levels, a government official told Dow Jones Newswires Wednesday.

...Royal Dutch Shell won't be allowed to export fuels, however, "because it didn't lower its prices," the official said. A spokesman for Shell said the company had not been formally notified, adding that he planned later Wednesday to check on pending export requests filed with the government. Argentina's top price controller, Interior Commerce Secretary Guillermo Moreno, called officials from Repsol, Exxon, and Petrobras on Jan. 7, threatening to cut off fuel exports if the companies didn't roll back pump prices.

### [E.U. sees Kashagan agreement as favorable for energy markets](#)

The European Union Wednesday said an agreement between major oil companies and the government of Kazakhstan over a massive oil field, should ease energy markets.

### [Chávez pardons USD 30 million debt to Honduras](#)

"Last year I initialed a resolution pardoning a debt Honduras owed to Venezuela. It is an old debt dating back to the 80's for some USD 30 million. We would be senseless if we tried to collect that debt. You do not owe anything now," said President Hugo Chávez during a brief official visit to Honduras on Tuesday.

The Venezuelan ruler was welcomed by his Honduran counterpart Manuel Zelaya, and both moved to speed up the process for Honduras to join Petrocaribe. "Honduran people, do not worry about oil, if you do not have oil here, you will find it in Venezuela," Chávez reassured, and estimated the Honduran oil bill at USD 730 million a year.

### [How to Keep Heating Oil From Torching Your Budget](#)

I didn't think too much about the natural-gas bill in our previous home. It was just another necessary cost of living arising from a seemingly intangible heating source located somewhere under the ground. We were reasonable about energy use, setting our thermostat to about 69 degrees during the day, and lowering it to around 62 degrees at night. But there never seemed to be much of a connection between our family and the possibly finite nature of the energy supply.

The 250-gallon heating-oil tank in my yard has changed that view. A small gauge on the top -- with a line that floats between a simple "F" for full and an "E" for empty -- is a constant reminder of how much fuel we're burning. Slowing the progression from full to empty can save my family cash.

### [For sale: Greenhouse gasses by the ton](#)

A number of small but well-backed companies are looking to make money selling carbon dioxide, but federal law seems needed to jumpstart sales.

### [The little car that could](#)

The Nano is inspiring because it symbolizes the rise of a middle class in a country that has been far too impoverished for far too long. Many of the people who will buy these cars grew up thinking they'd never have more than an ox cart. Now they will be able to get around on India's bustling streets in more comfort and safety than they ever

imagined. While these cars won't have airbags or fancy braking systems, merely being surrounded by an auto body and sheltered from the elements is a dramatic advance that's hard to begrudge.

But the car is also disconcerting because it speaks volumes about the enormous environmental and social challenges the world faces as millions join the car-owning classes. India has more people (1.1 billion) than there are cars in the world (about 600 million). As more of its citizens drive cars, live in larger homes and consume more power, this will make it harder to come to grips with climate change, no matter what Western countries do to curb their greenhouse gas emissions.

### [As Bush, King Talk Oil, Saudis Gain In US Market](#)

As the leader of the world's largest oil consumer and the world's largest oil exporter met at the king's horse ranch, a startling trend emerged from U.S. government oil data: The Saudis already are playing the strongest role they have in supplying the U.S. crude oil market in nearly five years.

In the first 11 months of 2007, the kingdom eclipsed Mexico as the No. 2 crude oil source, figures from the Energy Information Administration show. The Saudis haven't ranked as the second-biggest crude supplier to the U.S. for a full year since 2002.

### [Saudi Arabia freezes as weather records shattered](#)

Unusually cold weather has smashed decades-old records in Saudi Arabia, with meteorologists forecasting a further cooling, the al-Watan newspaper said on Wednesday.

The cold snap has mainly hit northern parts of the country, where temperatures reached a record low of -6 degree Centigrade (21.2 degree Fahrenheit), freezing water in pipes and closing schools and other facilities. Local authorities had to ration kerosene due to an acute shortage of fuel for heating purposes.

### [AFGHANISTAN: Over 140 killed, dozens injured as winter bites](#)

"Our reports indicate that 105 people died and 17 others are missing across the province," said Agha Mohammad Siddiqi, chairman of the emergency response commission in Herat Province.

In neighbouring Ghor Province cold weather and heavy snow killed at least 20 people and injured 25 others, Abdul Matin Edrabb, director of ANDMA, told IRIN.

About 20 people, mostly children, also died in Farah and Daykundi provinces where a shortage of food and fuel in local markets has caused widespread concerns among rural

inhabitants, ANDMA said.

### [Venezuela's Chavez: No Plans to Cut Oil Exports to U.S.](#)

Venezuelan President Hugo Chavez said Tuesday during an official visit to Honduras that his country will leave oil exports to the U.S. untouched.

"We have no plans to stop exporting oil to the United States," Chavez said during a press conference from Honduras televised by a Venezuelan state television channel.

Chavez also blamed high energy consumption in the U.S. for the latest surge in oil prices. The president didn't offer more details on Venezuela's oil exports.

### [Russia boosts gas exports to Turkey](#)

Russia has further boosted natural gas exports to Turkey to help the country avoid an energy crisis, Russian gas monopoly Gazprom said, as a cut in Iranian gas supplies to Turkey continued.

### [Our oily near-future](#)

But if prices continue to stay in this general high-ish area, keep an eye on the budgets of developing countries with fuel subsidies. India is running up a huge subsidy bill already, and Indonesia and Malaysia feeling the pain as well.

### [The Shame Of Groveling For \\$100 Oil](#)

Instead of begging oil sheiks to open the spigots, as the president shamefully did Tuesday in Riyadh, he should be pressuring Congress to open up Alaskan and Gulf Coast refuges to drilling.

### [Uganda: Fuel Shortage Jolts Energy](#)

The Uganda government is considering generation of more megawatts of hydropower to fill the gap created by a reduction in the amount of thermal power caused by the fuel shortage.

### [Pakistan: Hosiery exporters losing orders](#)

Hosiery, an export oriented industry has become unable to meet commitments to

foreign buyers and further orders are not being confirmed from importers on the plea that power and gas crisis will not let the exporters fulfil their commitments.

### [Pakistan: Power shortage hitting pharma industry](#)

The current energy crisis has badly affected the production of the pharmaceutical industry in the country, which has an export target of around \$ 1 billion by 2010, said Pakistan Pharmaceutical Manufacturers Association (PPMA) Chairman (North) Muhammad Asad on Tuesday.

He said the pharmaceutical industry was facing difficulties in production of life saving medicines due to gas and electricity load shedding.

### [Great Offshore to Acquire Two Oil Rigs Amid Shortage](#)

Great Offshore Ltd., spun off from India's biggest sea carrier, agreed to buy an overseas oil services company, gaining two rigs under construction at a time a global shortage is pushing up rental rates.

### [Wood boilers fuel air quality debate](#)

A surge in sales of outdoor wood boilers, cheaper alternatives to oil and gas home heating, has neighbors fuming over the smoke they produce and states and towns rushing to regulate them.

At least seven states and dozens of towns in the Northeast and Midwest have passed or are considering measures to ban, restrict or monitor the wood-burning devices known as OWBs.

### [Anti-smog devices stolen for metals](#)

The rash of catalytic converter thefts mirrors an epidemic of copper thefts. Thieves have targeted utilities, construction sites, farms, churches and even homeowners whose air conditioning units have copper coils. A survey last year by the U.S. Department of Energy found that copper thefts cost utilities nearly \$1 billion over a one-year period.

### [EU energy chief warns about 'peak oil'](#)

Energy Commissioner Andris Piebalgs has drawn attention to the 'overlooked' issue of dwindling oil reserves coupled with rapidly growing and unprecedented global demand. His comments were made in the run-up to the publication of a widely-anticipated

package of Commission legislative proposals on energy and climate change.

...Highlighting the potential gravity of the problem, Piebalgs noted that the oil crisis of the 1970s presented a discrepancy between oil supply and demand of only 5%, but that in a post-peak oil scenario, the gap between supply capacity and demand could widen by 4% annually, leading to a 20% gap within five years.

### [IEA cuts 2008 oil demand growth forecast](#)

World oil demand growth this year will be lower than previously forecast and could fall further if an economic slowdown in top consumer the United States accelerates, the International Energy Agency said on Wednesday.

The adviser to 27 industrialised countries in its monthly Oil Market Report cut its world oil demand growth forecast to 1.98 million barrels per day (bpd), down 130,000 bpd from its forecast last month.

### [Iraq Beiji Refinery Remains Closed After Fire - Official](#)

Iraq's largest oil refinery in the northern town of Beiji was still shut down after a fire Jan. 7, an Iraqi oil official said Wednesday.

The official said the refinery, which is used to process around 140,000 barrels a day, remained shut because of a power cut.

"It depends on resuming stable power to operate the refinery," the official said. He didn't know how long the refinery will remain closed.

### [Are we heading for Peak Coal?](#)

Peak oil, yes; but 'peak coal'? India's Tata Power recently acquired 30% stakes in Indonesia's two largest coal mines, securing 20 million tons of coal to fuel its 750 kilowatt project on India's west coast. This is a shrewd and opportune move.

There's a sustained and tightening squeeze on global supplies of the 'thermal' coal needed to power the world's coal-fired power stations, just as Asia (except Japan ) embarks on a massive expansion of planned generating capacity based on coal, despite rising concerns about carbon pollution.

### [Recognizing the tarsands](#)

Last week, the U.S. Securities and Exchange Commission (SEC) gave investors in

Canada's oilsands a long-awaited gift by voting to review its rules on how companies are allowed to report "proven reserves" of petroleum. The existing regime, adopted in 1978 at the peak of the energy crisis, is a textbook case of bad regulation, consisting of guidelines adopted in a state of panic and subsequently allowed to stagnate.

### [Pumping more oil](#)

America and its president remain addicted to oil. What will happen when the supply runs low? We will live to see that day.

### [The Coming Oil Price Decline](#)

Oil prices have finally reached \$100 a barrel. I now hear predictions of \$200 a barrel. People who make forecasts like round numbers.

I do not expect \$200 oil any time soon. I expect \$85 oil first, and \$70 oil first, and \$50 oil first.

I do not believe in doomsday scenarios that relate to the earth's resources. There are phenomena in the universe that can end the earth or human life on it. They do not include running out of energy because we lack resources.

### [World must address tight oil supply: Chavez](#)

Venezuelan President Hugo Chavez warned on Tuesday that the world's biggest oil consumers face shrinking supplies and that Venezuela hoped to work with Brazil and Mexico to bolster the region's reserves.

### [Naimi tightlipped on Bush oil appeal](#)

Ali Naimi, Saudi Arabia's oil minister, said on Tuesday that US president George W. Bush had "every right" to call for increased oil production to damp the effect of \$100-a-barrel prices on the US economy.

But Mr Naimi would not be drawn on whether his country or the Organisation of the Petroleum Exporting Countries would favour such a step.

### [China coal shortage to continue](#)

China, the world's largest coal consuming nation, used more coal than it produced in 2007 and will stay short through at least 2010, a coal industry official said on Tuesday.



China's demand for coal is expected to rise to 2.76 billion tonnes in 2008, from 2.62 billion tonnes in 2007, said Wu Chenghou, executive director of the Coal Sale and Transportation Association of China.

### [EU's stand on palm-biofuel to hit Asian plants](#)

The European Union's talk of toughening environment criteria for biofuels, including a clampdown on palm biodiesel, is another blow for Southeast Asia's struggling biodiesel business.

### [German biodiesel output collapses](#)

Germany's biodiesel industry is only producing at about 10 percent of capacity largely because a biofuels tax increase on Jan 1 hugely cut sales, the head of the German renewable fuels industry association BBK said on Tuesday.

This was down from output at 20 percent capacity in November 2007 and many companies were facing closure, Peter Schrum, the association's president, told the Reuters biofuels summit.

### [Why a warmer Arctic needs new laws](#)

The Arctic Ocean has until recently received about as much attention from politicians, economists and foreign policy experts as the back of the moon. But before long, thanks to global warming, the ocean may turn into a new economic frontier. About 20-30 per cent of the world's likely but undiscovered oil reserves lie beneath it. High energy prices and advances in ship design, drilling equipment and remote sensing combine to open up opportunities to exploit these reserves and ship freight between the Pacific and the North Atlantic via the Arctic. The five Arctic Ocean states (the US, Canada, Denmark/Greenland, Norway, Russia) are boosting military capacity to assert competing territorial claims.

### [Britain: Climate change threatens coasts](#)

Climate change is warming Britain's waters, eroding its coastline, harming its marine wildlife and increasing the likelihood of devastating storms and floods, the government said in a report published Wednesday.

### [Lifestyle changes can curb climate change: IPCC chief](#)

Don't eat meat, ride a bike, and be a frugal shopper -- that's how you can help brake

global warming, the head of the United Nation's Nobel Prize-winning scientific panel on climate change said Tuesday.

The 2007 report of the Intergovernmental Panel on Climate Change (IPCC), issued last year, highlights "the importance of lifestyle changes," said Rajendra Pachauri at a press conference in Paris.

"This is something that the IPCC was afraid to say earlier, but now we have said it."



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