



## DrumBeat: January 18, 2008

Posted by [Leanan](#) on January 18, 2008 - 9:58am

Topic: [Miscellaneous](#)

### [Pressure to pump: Saudi Aramco struggles to boost oil production](#)

No encounter between the US president, George W Bush, and King Abdullah bin Abdulaziz al-Saud of Saudi Arabia in recent years has been complete without a plea from the American leader for OPEC to furnish more oil to the world market in the interest of moderating prices. Mr Bush's mid-January visit to an unusually chilly Saudi Arabia was no exception, and, according to the White House press secretary, Dana Perino, King Abdullah showed some sympathy, expressing concern about the impact of rising oil prices on the world economy. Saudi Arabia is doing its best to ensure that there is sufficient new production capacity coming on stream to keep pace with the anticipated 1-2% annual increases in demand. However, Saudi Aramco, in common with most other major oil companies, whether national or international, is facing mounting difficulty in completing new oilfield projects on time and within budget.

### [Canadian Factory Shipments Climbed 1.1% in November](#)

(Bloomberg) -- Canada's factory shipments rose twice as much as forecast in November on rising prices for petroleum and coal products. Excluding price increases, manufacturing sales fell.

### [Profit seen in pipeline expansion](#)

CALGARY - Oilsands plants will net price premiums of up to \$20 a barrel by extending exports to the Gulf of Mexico coast, TransCanada Corp. president Harold Kvisle predicted Thursday.

Thirsty Texas and Louisiana refineries routinely pay more than crowded markets closer to the Alberta bitumen belt.

TransCanada is poised to build new southbound links to the Gulf facilities.

### [Mexico govt says closing in on energy reform deal](#)

Mexico, a top three supplier of crude oil to the United States, saw oil exports slip last year to their lowest level since 2002 because of pounding storms and sagging output at the massive Cantarell oil field.

Mourino did not mention details on the reform in the works, but the opposition says it will block any attempt to lift a constitutional ban on private investment in crude oil production. Lawmakers are discussing tweaks to give state oil company Pemex more operational and budgetary autonomy.

### [Pakistan delegation to visit Kuwait, UAE, Saudi Arabia for oil](#)

ISLAMABAD: A Pakistani delegation will visit Kuwait, United Arab Emirates (UAE), and Saudi Arabia to seek uninterrupted oil imports on deferred payments, and reduced rates for public sector consumers to counter the current energy crisis.

### [EU: Kozloduy Units to Stay Shut Down](#)

European energy commissioner Andris Piebalgs has slammed Bulgaria's plans to restart two older reactors at its Kozloduy nuclear power plant, state news agency BTA said on Thursday.

### [UK: Inertia is no way to deal with our energy crisis](#)

On 10 January, the Government unveiled its new energy policy, the centrepiece of which was support for new nuclear power stations.

The Government says it won't subsidise nuclear plants, but many doubt the numbers stack up for private firms, says Ruth Sunderland in The Observer. Nuclear power stations have huge up-front costs coupled with uncertain revenues, as they are vulnerable to fluctuations in power prices.

### [Bumpy ride for biofuels](#)

TWO technological trends, both unimaginable a year ago, dominated last week's motor show in Detroit, the premier showcase for carmakers worldwide. One was the U-turn in the past decade's headlong pursuit of horsepower and size. The other, less apparent but possibly more significant, was the industry's wholehearted embrace of biofuels.

### [Congress Can Alleviate Growing Pains](#)

Global warming, geopolitical instability, peak oil concerns and the instability of crude oil

prices have greatly increased the sense of urgency with which governments now pursue renewable energy alternatives to fossil fuels.

To successfully harvest renewable energy, we must adopt public policy that first plants the seed of viable new technologies and, more importantly, nurtures their growth to full potential. As we look at supporting promising “new-generation” technologies such as cellulosic ethanol and the like, we must remain vigilant that we not—through neglect—undercut the solutions we already have at hand.

### [Biodiesel uncertainty slows German rapeseed trade](#)

HAMBURG (Reuters) - Uncertainty about the future of Germany's huge biodiesel industry slowed trade in the country's rapeseed market this week, traders said on Thursday.

"The biodiesel industry has been the largest consumer of rapeseed in Germany for the past two years or so but it is in a crisis and no one really knows what is going to happen to our largest user," one rapeseed trader said.

### [BP signs clean energy and wind power generation agreements with China](#)

BEIJING (Xinhua) - British Petroleum (BP) announced it had signed a series of agreements with China on Friday, including those in clean energy and wind power generation, during British Prime Minister Gordon Brown's visit to China.

### [Germany attacks green energy scheme](#)

Plans for a European system for trading renewable energy came under attack from Germany on Thursday, just days before Brussels unveils proposals to fight climate change.

Sigmar Gabriel, the environment minister, hit out at the scheme, which aims to boost green energy, arguing that it would "endanger" his country's "successful" approach to promoting solar and wind power.

### [Saudi Inflation Blamed on Falling Dollar](#) (audio)

In oil-rich Saudi Arabia the price of food is rising, and so is discontent. Ordinary residents of the monarchy are circulating text-messages on mobile phones, urging a boycott of milk. And, the inflation has some economists calling on Saudi Arabia to revalue its currency.

### [China steps up inflation fight](#)

HONG KONG - The Chinese government now appears to see inflation as public enemy No 1 as it continues to take various measures to curb price increases with an eye to recent history that shows public discontent can soon grow to crisis proportions if the cost of daily necessities gets out of hand.

### [Iraq: Oil fields hit by fuel shortage](#)

BAGHDAD: The halt of Turkish exports of electricity to Iraq and a lack of fuel for power stations is to blame for the blackouts hitting Iraq's northern oil fields, the Electricity Ministry said yesterday.

The power cuts have forced Iraq to stop pumping crude oil along its northern pipeline to Turkey and knocked out its largest refinery, at Baiji.

### [Iran says western sanctions could hurt crude supply](#)

Tehran: Iran's Organisation of Petroleum Exporting Countries (Opec) governor has warned that any western sanctions on investments in its energy sector could endanger security of supply and also hit consumer countries, an Iranian daily reported on Thursday.

### [Massachusetts: Soaring electricity prices leave state's manufacturers struggling](#)

State lawmakers will soon finalize energy legislation that aims to promote efficiency and alternatives to fossil fuels. But as legislators iron out differences between recently passed House and Senate bills, businesses say they need to pay closer attention to what many firms consider the real energy crisis: spiraling electricity costs.

### [The Coal Question Revisited](#)

Many people believe the world has enough coal to last hundreds of years. Recent assessments now suggest that coal production could actually start to decline as early as 2025.

### [China Drought Underlines Hydropower Reliance Risks](#)

BEIJING - A major drought has squeezed electricity output at big dams across southwest China, highlighting the risks of Beijing's massive hydropower expansion plans on coal and oil markets in a warmer, drier world.

## [Rising Sea Levels Threaten China Cities](#)

BEIJING (AP) — Sea levels off Shanghai and other Chinese coastal cities are rising at an alarming rate, leading to contamination of drinking water supplies and other threats, China's State Oceanic Administration reported Thursday.

Waters off the industrial port city of Tianjin, 60 miles southeast of Beijing, rose by 7.72 inches over the past three decades, the administration said.

Seas off the business hub of Shanghai have risen by 4.53 inches over the same period, the report said.

## [Climate Talk's Cancellation Splits a Town](#)

CHOTEAU, Mont. — School authorities' cancellation of a talk that a Nobel laureate climate researcher was to have given to high school students has deeply divided this small farming and ranching town at the base of the east side of the Rocky Mountains.

The scholar, Steven W. Running, a professor of ecology at the University of Montana, was scheduled to speak to about 130 students here last Thursday about his career and the global changes occurring because of the earth's warming.

Dr. Running was a lead author of a global warming report by the Intergovernmental Panel on Climate Change, the 400-member United Nations body that shared last year's Nobel Peace Prize with former Vice President Al Gore. But when some residents complained that his presentation here would be one-sided because no opposing view would be offered, the superintendent of Choteau School District No. 1, Kevin St. John, canceled it.

## [McMansions: Unsustainable Housing Meets Unsustainable Finance](#)

James Howard Kunstler is thought of by some as a prophet of doom and by others as realistically prescient. Whatever angle you take away from his philosophy one thing is clear: according to Kunstler suburbia in America is unsustainable. I read his book *The Long Emergency* last year and there is no doubt that Kunstler's outlook is "sobering" (mildly put). While his views may be too pessimistic for many, he has some valid points, I believe, on how much of our built community and human landscapes have become unsustainable and undesirable. An interesting discussion regarding Kunstler, the "end of suburbia", and our future energy economy is found at [ClimateProgress.org](http://ClimateProgress.org). In any case, some may find his talk at the TED conference interesting.

Perhaps the silver lining in this dark cloud of the "McMansion Meltdown" is the impetus to do better – the real American Dream.

## [Europe Takes Africa's Fish, and Boatloads of Migrants Follow](#)

A vast flotilla of industrial trawlers from the European Union, China, Russia and elsewhere, together with an abundance of local boats, have so thoroughly scoured northwest Africa's ocean floor that major fish populations are collapsing.

That has crippled coastal economies and added to the surge of illegal migrants who brave the high seas in wooden pirogues hoping to reach Europe. While reasons for immigration are as varied as fish species, Europe's lure has clearly intensified as northwest Africa's fish population has dwindled.

## [Energy bill promises lower-cost biz loans](#)

This time around, Congress added deadlines to its legislation, something the 2005 energy act lacked. The SBA has until Dec. 31, 2008, to submit to Congress a plan to implement programs for assisting small-businesses in adopting energy efficient building fixtures and equipment.

## [Climate change forces car manufacturing rethink](#)

The head of car giant General Motors has publicly warned the switch to biofuels such as ethanol and electric cars is now inevitable and with oil prices at record highs, motorists may soon become familiar with the phrase "peak oil".

## [New Fields May Offset Oil Drop](#)

CERA has drawn fire among skeptics for being one of the most optimistic forecasters in the industry. The company predicted in June that world oil production, now at just above 85 million barrels a day, could hit 112 million barrels a day by 2017.

The task of reaching that mark appears daunting. According to CERA's own rate of decline, the world's existing fields by 2017 will be producing about 33 million fewer barrels a day than they are now. So hitting a production level of 112 million barrels a day within a decade would require adding 59 million barrels a day in new capacity -- or more than six times today's daily output from Saudi Arabia, the world's largest oil exporter.

CERA argues that nearly half of that output will come from nonconventional sources such as biofuels and natural-gas liquids.

"However you spin it, a 4.5% decline rate is a very sobering fact," says Thomas Petrie, a veteran Denver-based oil banker and Merrill Lynch & Co. vice president. "People are running hard to find new sources of oil, and that's just to keep even. When was the last time we discovered another Iran?"



### [Gloomy outlook for oil disputed](#)

Matthew Simmons, a Houston energy industry investment banker and a proponent of the peak oil theory, called Cambridge Energy's numbers "sketchy," its conclusions "glib."

Simmons argued that the Gulf of Mexico alone has 717 fields producing oil.

"Studying 811 fields is nothing," said Simmons, chairman of Houston-based Simmons & Company International.

### [OPEC Needs Proof of Demand Before Supply Increase, Khelil Says](#)

OPEC will raise production provided there is genuine need for extra barrels among consuming nations, said Chakib Khelil, Algerian Oil Minister and President of the Organization of Petroleum Exporting Countries.

OPEC, which meets to review production on Feb. 1, is ready to produce more oil ``if consumer countries' demand is real," Khelil said in comments run by national news agency Algerie Presse Service.

### [President Bush Questions Saudi Ability to Raise Oil Supply, According to TheOilDrum.com](#)

In an ABC Nightline interview, President Bush recently said of Saudi Arabia, "If they don't have a lot of additional oil to put on the market, it is hard to ask somebody to do something they may not be able to do." According to TheOilDrum.com, this statement seems to indicate that George W. Bush, like many others, is skeptical of Saudi oil production claims. Forecasts of future world oil production by official organization like the IEA and the EIA assume OPEC can increase production by any desired amount; if OPEC's capability is limited, official production forecasts are optimistic because they are based on false assumptions.

### [Putin clinches key European pipeline deal](#)

SOFIA (AFP) - Russian President Vladimir Putin clinched a key pipeline deal with Bulgaria on Friday that strengthens Moscow's grip on European gas markets before issuing a stern warning about the future status of Kosovo.

Bulgaria and Russia agreed to build the so-called South Stream pipeline project, which will cross the Black Sea into Bulgaria and then split in two arms, one going northwest to Austria and the other south to Greece and then west to southern Italy.

It will strengthen Moscow's grip as the leading supplier of gas to Europe and will rival

EU plans for its own pipeline project, Nabucco, aimed at reducing the bloc's dependence on Russian gas.

### [Transneft halts Russian oil flows via CPC pipeline](#)

MOSCOW (Reuters) - Russian pipeline monopoly Transneft has halted Russian oil flows via the Caspian Pipeline (CPC), which ships mainly Kazakh crude, citing maintenance work at a rail loading terminal, industry sources said on Friday.

CPC is able to replace any lost Russian oil with Kazakh barrels to ensure there is no loss to the market, the sources said.

### [Schlumberger profit rises, but misses forecasts](#)

NEW YORK (Reuters) - Schlumberger Ltd (SLB.N: [Quote](#), [Profile](#), [Research](#)), the world's largest oilfield services company, posted a 22 percent rise in fourth-quarter profit on Friday, but said weaker prices in the United States and the effects of seasonal weather hurt margins.

### [Ecuador to Invest \\$2 Billion in Oil Industry](#)

Ecuador will invest U.S. \$2 billion in its oil industry this year in a bid to increase production by 11 percent, Energy Minister Galo Chiriboga said Wednesday.

Some \$1.7 billion will be used to increase production at state oil company Petroecuador and another \$300 million will be used to revamp the Esmeraldas refinery, Ecuador's largest, Chiriboga told Ecuador Inmediato radio.

### [The end of oil is just a game](#)

New combat videogame depicts a world at war over rapidly dwindling crude supplies. But what's the message players walk away with?

### [Canada: No 'perfect solution' for heating costs, MLAs told](#)

Forcing oil companies to reduce the minimum amount of heating oil they deliver won't change the overall cost to the consumer, P.E.I.'s standing committee on social development was told Thursday.

The committee is looking at the high cost of heating oil, and one of the problems it's



dealing with is the cost of a minimum delivery. The Salvation Army in Charlottetown has complained a minimum delivery costs \$400, and even more in rural areas.

### [San Francisco Mayor Issues Roadmap to a Greener City](#)

San Francisco Mayor Gavin Newsom Tuesday released SForward, the roadmap to achieve his environmental goal of a 20 percent decrease in emissions of the greenhouse gas carbon dioxide below 1990 levels by 2010.

The plan also aims to achieve carbon neutrality for city government by 2020.

### [Overpopulation and peak oil: The perfect storm](#)

For a variety of reasons, humans usually don't react to problems until they become crises. All these crises are semi-connected, where one will trigger one or more of the others. However, there are two crises marching toward us now, shoulder-to-shoulder, that will trigger every other, both large and small. At best, they will end our industrial civilization. At worst, they may depopulate most of our species. These two comrades-in-arms, overpopulation and peak oil, are of such complex magnitude, no amount of financial or scientific commitment may stop them. They are creating the perfect storm of which there may be no survival.

### [Japan's Fukuda vows action but braces for fight](#)

TOKYO (AFP) - Prime Minister Yasuo Fukuda pledged Friday to make Japan more active in fighting global warming and maintaining global security, but braced for a showdown in the fractured parliament's new session.

Fukuda, who a day earlier said his party was in its worst-ever crisis, is expected to face fierce resistance from the opposition, which has vowed to scuttle his agenda since winning one of the houses of parliament last year.

### [Bush officials say oil drilling will not harm polar bears](#)

WASHINGTON (AFP) - US officials defended plans for oil drilling in the Chukchi Sea off northwestern Alaska, telling lawmakers that it would not harm polar bears, already threatened by global warming.



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