The Bullroarer - Saturday 19 January 2008

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Topic: Miscellaneous

ABC - 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". It is the theory that more than half the planet's oil reserves have now been used and demand will inevitably outstrip supply, driving prices ever higher.
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> While some experts reject the theory, arguing the planet still holds enormous reserves of oil and gas, peak oil has won a powerful new backer. This week, the chief executive of US car giant General Motors, Rick Wagoner, publicly warned the switch to biofuels such as ethanol and electric cars was now inevitable.

The Australian - North West Shelf gas operators push price rise

> NORTH West Shelf gas exporters are negotiating to boost liquefied natural gas revenues from Japan by hundreds of millions of dollars because of the soaring crude oil price, which is outside original contract terms. Project operator Woodside Petroleum released a quarterly report yesterday showing that preliminary contract adjustments led to a $56.5 million boost in the company's LNG revenue between the third and fourth quarters last year - a gain of more than 33 per cent.
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> When the export contracts were negotiated for the shelf project in 1985 with eight Japanese customers (Tokyo Electric, Kansai Electric, Choqoku Electric, Tokyo Gas, Osaka Gas, Toho Gas, Kyushu Gas and Chubu Electric), they contained provisions linking them to movements in a number of types of crude oil. West Texas Intermediate, the international benchmark, was then less than $US10 a barrel.
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> Woodside noted yesterday the oil price had increased over time and the price received for the Japanese basket of crudes had moved above the oil price range specified in North West Shelf Venture LNG price formulas. Consequently, the venture was negotiating "price out of range" LNG prices for these contracts. ...
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> The report confirmed also that Woodside booked a loss of $230 million on its investment in the $US700 million ($794 million) Chinguetti oil project in Mauritania, which it sold in December to Petronas, a company owned by the Malaysian government.
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> It revealed for the first time further problems with the Enfield oil development on the North West Shelf, where production well ENA-01 was shut on January 3 because of sand accumulation in the well stream. As a result, Enfield's daily production, which

reached 50,241 barrels a day (Woodside's share being 30,144 barrels) after the return to production in late September of production well ENA-03L, had been cut to about 30,000 barrels a day. Woodside said it was still seeking a solution to the problem. ...

Woodside is maintaining its 2008 production forecast in the range of 80-86 million barrels with new oil projects coming on stream in the Gulf of Mexico and the North West Shelf. Increased production is expected to come from a full year's production at Stybarrow and a first-quarter boost from the Otway gas project in South Australia. The commissioning of the fifth LNG production train on the Burrup Peninsula is due late this year. In the September quarter, increased production will come from the start-up of the Vincent oil project and Angel gas and condensate project in WA, and the Neptune oil field in the Gulf of Mexico.

The Australian - BP, Rio in $2bn world-first power plan

HYDROGEN Energy, a joint venture of BP and Rio Tinto, is in talks to build the world's first hydrogen power plant in the UAE. The Independent newspaper reported that the $US2 billion ($2.3 billion) project, being studied by the BP-Rio venture and Abu Dhabi Future Energy, the government-owned alternative energy company, is seen as a possible answer to the emirate's rapidly rising energy needs. Demand for oil and gas in the Middle East has skyrocketed in recent years as massive profit derived from rising oil prices has fuelled a construction boom, the newspaper wrote. The hydrogen power plant - which converts natural gas into hydrogen that can be burned to generate power while the resulting carbon dioxide is pumped underground, would be the first of its kind in the world.

FT - Chevron set to harness the mighty Gorgon

Although Chevron’s big deal in China caught the world’s energy spotlight at the end of last year, it is the company’s undeveloped gas reserves in Australia that analysts are starting to believe is the jewel in the company’s crown. On December 18, the US’s second-biggest oil company signed China’s largest onshore natural gas joint venture agreement involving a foreign partner. But analysts said far more significant – but less known – is that Chevron is the largest holder of undeveloped natural gas resources in Australia. These are resources into which the company is quietly putting an increasing amount of investment.

PFC Energy, the consultancy, notes Australia has the largest gas reserves of any OECD country bar the US. And, more importantly for the future potential of international oil companies, Australia has the longest reserve life of any OECD country. “These are world-class resources and are a game-changer for Chevron,” says Robin West, chairman of PFC Energy. “Australia’s gas reserves are potentially the biggest OECD gas reserves left in the world and are not subject to the same political constraints as non-OECD reserves,” he says.

This is crucial to the competitiveness of international oil groups. Over the past decade, the financial and technical capabilities of state-owned oil companies have expanded, enabling them to increasingly develop reserves without the usual partnerships with

> non-state-owned international oil groups. ...
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> Australia's potential is huge, according to Antonia Bullard, a PFC director. Unlike most OECD countries, Australia's industry is relatively young. She estimates Australia has so far produced only about 15 per cent of its gas resources, compared with 25 per cent for Norway and more than 80 per cent for the US's lower 48 onshore reserves. Whereas US production has peaked, and she expects Norway's gas production to peak within a matter of years, Australia's will expand until 2030. ...
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> Given Chevron's worldwide refining and marketing presence, that should not be difficult, particularly as the world's gas needs are increasing, as oil prices rise and other nations build more liquefied natural gas terminals to receive the fuel. Chevron's focus, therefore, is on growing supplies. The key in Australia is Gorgon – the company's biggest asset there. Chevron expects it to have a 60-year life with more than 40,000 bn cu ft of natural gas.

The Age - AGL to spend $70m to pipe coal-seam gas

> AGL Energy, Australia's biggest electricity and gas retailer, will build a $70 million pipeline in north-eastern Australia to secure access to coal-seam gas from Queensland Gas Co. The 115-kilometre line would connect Queensland Gas fields with an existing pipeline grid, allowing fuel to be transported to western Queensland and eventually to the southern Australian states, Brisbane-based Queensland Gas said in a statement to the Australian Stock Exchange.

The Australian - Resource project construction gains pace

> Huge new oil, gas and mining projects are competing with state government infrastructure projects for construction teams. In June 2006, the value of work outstanding on state government infrastructure projects was just $5.9 billion. By the end of last September, this had soared to $13billion. In the private sector, the start of work on Woodside's $12 billion Pluto gas project in Western Australia has raised the value of contracts yet to be completed to $34.4 billion, up from $18.8 billion in the middle of 2006.
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> BHP Billiton is putting $2billion into the Pyrenees oil field off Western Australia, while the Chinese-owned company Citic Pacific Mining is about to start work on a $4.4 billion iron ore project. Rio Tinto is spending $2.1billion expanding its Yarwun alumina refinery at Gladstone in Queensland. There is also a number of new coal projects, with the biggest competitor to BHP Billiton and Rio Tinto, Brazil's giant CVRD, investing in several projects, including the Carborough Downs program in central Queensland.

The West Australian - Clough to develop LNG Jetty in $30m Woodside deal

The Age - Australian push for unity on climate change - World's biggest polluters to meet

> CLIMATE Change Minister Penny Wong will meet the major world polluters in Hawaii this month to try to form common ground on curbing greenhouse gas emissions before

> the 2009 deadline for a new international treaty to tackle global warming.
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> The meeting comes as scientists at the US space agency NASA this week found that 2007 tied with 1998 as the second-warmest year in a century. NASA said a record global temperature was expected within the next few years - at the time of the next El Nino - because of the warming caused by continuing increases in greenhouse gases. The scientists said the greatest warming in 2007 occurred in the Arctic, which was consistent with record low amounts of Arctic sea ice in September 2007.

The Age - Import prices rise, lead by oil products

The West Australian - Oilex ready to start producing

The Australian - Minchin queries sanctuary uranium exploration

The Age - Flooding fears as Emerald dam overflows

SMH - Saab not that green: watchdog

SMH - Organic produce moves from trendy to mainstream

> Dr Andrew Monk, director of the Biological Farmers of Australia, says organic food is the future. "It has been a very sustainable growth and it's going up healthily. Some of these curves going up parabolically can fall over, but we have had sensible growth."
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> New stores, products and producers are buying into the unprocessed food trend; more people bought organic in 2007 than ever before. Macro Wholefoods Market has been providing organic products free from additives and preservative for 22 years but has experienced huge growth over the past three years, with sales increasing by 800 per cent.
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> Monk says the popularity of organic food is growing in conjunction with the slow food and locally grown movements. "Consumers are getting sick of not knowing where their food comes from, or knowing and not being happy. There is a drive for knowledge about the farmer and the farmer's story."